

## Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

**2024-2025**

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# **CITY OF STERLING HEIGHTS**

**STERLING HEIGHTS, MICHIGAN**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

Prepared by:

Finance Office

Nick Makie, CPA - Assistant Finance & Budget Director

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## **INTRODUCTORY SECTION**

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<b>City Council</b>	
<i>Mayor</i>	Michael C. Taylor
<i>Mayor Pro Tem</i>	Liz Sierawski
<i>Councilwoman</i>	Deanna Koski
<i>Councilman</i>	Michael V. Radtke Jr.
<i>Councilwoman</i>	Maria G. Schmidt
<i>Councilman</i>	Henry Yanez
<i>Councilwoman</i>	Barbara A. Ziarko

**City Manager** Mark D. Vanderpool

December 2, 2025

Honorable Mayor, City Council, and Citizens  
of the City of Sterling Heights  
40555 Utica Road  
P.O. Box 8009  
Sterling Heights, MI 48311-8009

The Annual Comprehensive Financial Report (ACFR) of the City of Sterling Heights, Michigan (the "City") as of and for the year ended June 30, 2025 is hereby submitted. As required by City Charter and State laws, the basic financial statements as defined in the table of contents were audited by Rehmann Robson LLC, certified public accountants. Their unmodified opinion follows this letter of transmittal. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City Management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the governmental activities, business-type activities, the various funds and component units of the City of Sterling Heights. All disclosures necessary to enable the reader to gain an understanding of City activities have been included.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a 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 of Sterling Heights' MD&A can be found immediately following the report of the independent auditor.

In addition, during the current year, an audit is being performed in accordance with the requirements of the Chapter 75 of Title 31 of the United States Code (31 U.S.C. §§ 7501–7507). The auditor's reports related specifically to the single audit are issued under separate cover.

## **The Reporting Entity and Services Provided**

The City of Sterling Heights has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The City includes all the funds, boards, commissions, and authorities that are controlled by or dependent upon the mayor and City Council. Based upon these criteria, the Corridor Improvement Authority, Economic Development Corporation, Brownfield Redevelopment Authority, and Local Development Finance Authority have been included in this report.

The City provides a full range of municipal services including police and fire protection; refuse services; construction and maintenance of highways, streets and infrastructure; planning and zoning; library services; and recreational and cultural events. Additionally, water and sewer services are provided under an Enterprise Fund, with user charges set by the City Council to ensure adequate coverage of operating expenses.

## **Governmental Structure and Local Economy**

Sterling Heights is a vibrant community with a strong sense of civic pride and determination by its community leaders. Located in the northwest quadrant of Macomb County, at 36.8 square miles, there are 395 miles of roadway in Sterling Heights, of which 354 miles are maintained by the City. City services are provided to 55,599 households and over 3,300 commercial and industrial businesses. According to the 2020 census, the official population for the City increased 3.6 percent to 134,346. Sterling Heights remains the fourth largest populated city in Michigan. At the end of the fiscal year, the City had a 4.8 percent unemployment rate as compared to a Macomb County rate of 4.4 percent, a statewide rate of 5.4 percent, and a national average of 4.4 percent.

The City continues to invest in infrastructure and quality of life assets. Major Road funding totaled over \$7 million in fiscal 2024/25 and included the completion of the total reconstruction of Mound Road and the resurfacing of Moravian Road. A \$10 million, primarily Federally funded, road project to reimagine Clinton River Road is slated to break ground in the spring of 2026. In May 2025, the City welcomed its first Community Garden and a new 10-foot wide, shared-use asphalt path running through the ITC corridor. These investments continue to pay dividends for Sterling Heights residents, contributing to a 5.6% increase in city-wide assessed value in 2025. Sterling Heights continues to rank first in Macomb County in terms of residential and commercial property valuation.

Incorporated July 1, 1968, the City operates under a Council-Manager form of government. Voters elect a mayor and a six-member City Council, who historically have served two-year terms. Due to a voter approved change to the city charter, the mayor and City Council that was elected in November 2021 will serve four-year terms. The City Manager is appointed by the City Council as the chief administrative officer, who is responsible for daily operations and makes recommendations to the City Council.

## **Long-term Financial Planning**

The City has continued to follow its successful long-term financial plan in order to provide excellent services with a low tax rate and continually monitoring revenue trends. The City continues to add to General Fund reserves annually. Total General Fund reserves equate to \$43.0 million or 31.9% of expenditures, including transfers out, as of the current audit. This healthy fund balance will ensure the City has the financial resources to weather the ongoing economic uncertainty.

The Safe Streets millage has also been a critical factor in enabling the City to continue to provide the excellent services expected by residents. The millage provides \$4.3 million in dedicated funding for neighborhood street repairs and \$9.1 million to prevent further reductions in the number of sworn police and firefighters.

Because of the Safe Streets millage, the City is now able to maintain quality core services. However, the City will continue to look for ways to achieve expenditure savings where possible. The City has also adopted prudent and conservative financial policies that will help guide us through the future.

In November 2016 the voters passed the Recreating Recreation millage. This millage provided \$5.2 million in dedicated funds for park improvements and repairs, as well as funds to operate and maintain the new facilities.

In November 2024 the voters passed the Pathway to Play and Preservation millage. Beginning in fiscal year 2025/26, approximately \$5.6 million will be collected annually to fund important quality of life initiatives such as greenspace preservation, reforestation, sidewalk completion, as well as continued park development and the construction of an indoor pickleball complex.

Although the passage of these millages has allowed the City to maintain core services and invest in road and recreation improvements, the growth of the City's existing tax base remains limited to inflation (up to maximum of 5%) under State law (Proposal A). In addition, multiple years of rollbacks in the millage rates have permanently reduced taxing capacity below that which was approved by the voters. Inflationary increases in everything from supplies to contractual services and most significantly, labor has outpaced revenue growth in recent years. Providing core services at a reasonable cost will continue to remain a challenge.

Funding for long-term retirement liabilities also remains a significant ongoing expenditure. For the fiscal year 2025/26 budget, contributions to pension and other postemployment benefit funds total 19 percent of the General Fund operating budget. Investment earnings in the current fiscal year increased the combined funding level of all three plans to 71.8%. The City is committed to fully funding the required contribution for both pension plans and the retiree medical plan.

To ensure the City's operating financial position remains strong despite these challenges, the City continues to rely on its five-year financial plan to make financial adjustments, as needed. The plan enables administration to project fund balance given various assumptions based on changes in major revenue and expenditures.

This strategy benefits the City by planning for increases in expenditures and capital investment while continuing to provide excellent services and maintain adequate reserves and strong bond ratings.

## The Year in Review

The past year was marked by historic advancements, including the voter approval of the *Pathways to Play and Preservation (PPP) millage*, a transformational initiative that will enhance community access to an 85-acre nature preserve in the City's northwest quadrant. Originally envisioned in the late 1970s, this long-planned project will finally come to fruition with a \$3.5 million investment in nature pathways. Additionally, PPP funding will support sidewalk repair, making the program more affordable for residents, and finance the construction of two new parks and the planting of 15,000 trees along neighborhood streets. Most importantly, PPP establishes a land bank to protect open spaces from future development.

This \$90 million investment, in tandem with the \$50 million Recreating Recreation initiative, has significantly improved the City's quality of life. Notable accomplishments include the completion of the ITC Trail, reconstruction of the Edison Court Trailhead, and progress on the City's first-ever Community Garden, slated for completion this spring. Furthermore, the City's first dedicated bike lane on Plumbrook Road has been widely embraced and has earned an award from the Michigan Road Association for its innovative design and safety features.

*Sustainability* remains a key focus, highlighted by the implementation of Universal Recycling, which has dramatically reduced landfill waste and increased recycling efficiency. Additionally, the introduction of the City's first-ever commercial recycling ordinance has been well received by residents and businesses alike.

Aesthetic enhancements were also prioritized, including the refuse cart collection ordinance, which has minimized curbside clutter and helped mitigate rodent issues. Improvements to the M-59 corridor, supported by a \$3 million grant, will introduce a new trail way system, enhanced landscaping, decorative fencing, and welcome signage.

## Commitment to Public Safety & Community Wellness

Public safety remains a top priority, with several major initiatives implemented over the past year. The Sterling Heights Police Department adopted a 12-hour shift model, increasing the number of officers on duty per shift by 10, enhancing neighborhood patrols and improving response times for high-priority calls.

The City also completed the Community Mental Wellness Strategic Plan, integrating various social services under the overarching goal of Innovating Living. Services supporting this initiative include:

- Reorganized Social Services embedded across City departments
- Come Back Quick Response Team
- Hope Not Handcuffs
- Drug-Free Coalition

- Sobriety Court
- Safe Homes Task Force
- Mobile Integrated Health

A \$130 million investment in quality-of-life services, including parks, recreation, pathways, and open spaces—all of which contribute to enhanced mental wellness.

Sterling Heights played a key role in a statewide coalition advocating for additional funding under the Ground Emergency Medical Transport (GEMT) federal program, securing \$70 million annually for EMS transport across Michigan. The City's share of this funding exceeds \$1 million, which will fund four new EMT positions and two additional ambulances to address peak demand. This innovative approach enhances emergency response capacity while allowing paramedics to focus on life-threatening situations.

Further enhancing safety, the City implemented its first-ever Traffic Calming Plan, aimed at reducing speeding, improving pedestrian safety, and addressing high-accident intersections. A pilot program tested various traffic-calming measures, including speed cushions, mini traffic circles, and medians, all of which received positive feedback. The comprehensive plan positions the City for up to \$100 million in potential grant funding over the coming years.

Beyond traffic initiatives, the City invested over \$16 million in road improvements, with engineering underway for the \$10 million Clinton River Road reconstruction between Hayes and North Van Dyke, set to begin next year.

### **Economic Development & Growth**

Sterling Heights continues to foster a business-friendly environment, supporting commercial, advanced manufacturing, and residential development. With 70,000 jobs in the City and a growing population, economic development remains a relentless focus.

The City is leading in efforts to preserve and expand its Defense Corridor, home to thousands of high-paying engineering and R&D jobs. In an unprecedented partnership, Sterling Heights and Warren have committed to a joint initiative to retain and grow defense-related employment. With 7,000 defense jobs in these two cities alone, securing federal, state, and county support is vital for sustaining the region's economic impact.

Additionally, the City secured a \$1.8 million grant to expand business acceleration services at the VELOCITY Collaboration Center, assisting over 40 businesses in securing \$19 million in private investment.

The newly developed Master Plan sets the stage for strategic redevelopment in key areas, including North Van Dyke, the Van Dyke Mixed-Use District, and 14 neighborhood nodes. By providing flexible zoning, the City is encouraging revitalization and new investments that will enhance property values and community vibrancy.

### **Major Initiatives for July 1, 2025 and Thereafter**

- ✓ The City will break ground on the complete renovation of Fire Station #5, which was originally constructed in 1990 and has remained largely unchanged since. As such, upgrades will be made to all facets of the space including infrastructural updates, storage solutions, replacements for aging mechanical systems, and new fixtures and furniture. The project is anticipated to cost \$9 Million.
- ✓ The City will repurpose 7,000 square feet of currently unused space at the police department that housed the former detention center, transforming it into a dynamic, multi-use environment tailored to the department's growing and evolving needs.
- ✓ The City will continue investing in major road construction by continuing to leverage Federal, State, County and local resources. This funding will result in another aggressive construction season in Sterling Heights for fiscal year 2026, including the reconstruction of 15 Mile Road from Mound to Maple Lane, and the full reconstruction of Clinton River Road. This \$10.5 million project will be financed with federal grant proceeds. Projected increases in road funding from the State of Michigan will assist with even more investment in road infrastructure potentially including the reimagination of Ryan Road as well as the reconstruction of the 16 Mile Road bridge over the railroad tracks.
- ✓ Thanks to the 10-year renewal of the Safe Streets millage that was passed in November 2019, the police and fire departments will continue to have the necessary revenue to preserve excellent police and fire services, and the City will be able to continue with an aggressive program for improving our neighborhood streets.
- ✓ Continued investments will be made in improving operational efficiencies including the Drone as a First Responder program, a complete zoning ordinance rewrite, and investigating the creation of a stormwater utility.
- ✓ The City continues to update an on-going five-year financial plan, focusing on investing in the priorities identified through the Visioning 2040 plan while continuing to maintain reserves at the level necessary to successfully weather any future economic downturn.
- ✓ The City will continue to work with the owners and developers of Lakeside Mall to move forward this transformational redevelopment including Planned Unit Development approval, the creation of a Corridor Improvement Authority, and assistance in the application for additional funding through available through transformational brownfield legislation.
- ✓ Due to the recent passage of the Pathway to Play and Preservation Millage, the City will immediately begin work on a variety of transformational projects, including increasing residential tree canopy, open space preservation, sidewalk repair and gap projects, significant improvements at Red Run and Rotary parks, and the construction of an indoor pickleball complex.

## **Budgeting and Internal Controls**

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, the City's accounting system is organized and operated on a "funds basis." Each fund is a distinct, self-balancing accounting entity. The *Fund Organization Chart* included in the Annual Report provides a list of funds used by the City.

An annual budget is adopted in accordance with the legal requirements set forth in the Uniform Budgeting Act, State of Michigan P.A. 621 of 1978. The City's budget is prepared on the modified accrual basis for governmental-type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenue is recorded when it is both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued leave time. The City's governmental fund types, such as the General Fund, special revenue funds, debt service funds, and capital project funds, are reported on the modified accrual basis. The City's enterprise funds, internal service fund, and pension and other retirement benefits trust funds are reported on a full accrual basis, under which revenue is recorded when earned and expenses are recorded when incurred.

Also required under the Uniform Budgeting Act are budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the General Fund, special revenue funds, and certain debt service funds. However, budgetary control is maintained by object class (line account) for all funds for internal accounting purposes. The City maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances so that appropriations are not overspent. Budget transfers may be made within a budgetary center with approval of the Office of City Management. The City Council approves necessary transfers between budgetary centers or from fund balance periodically. In addition, the Office of City Management monitors department budgets on a monthly basis. Department directors and office managers must justify all variances.

The City relies on a sound system of internal controls over financial reporting and federal program compliance. A system of internal control has been established for the purpose of preventing or detecting errors, misappropriations of assets, and fraudulent financial reporting. The system of internal controls relies on the integrity of the people who work for the City. Since the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatement.

### **Certificate of Achievement**

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 Sterling Heights, Michigan for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR), whose contents conform to program standards. As such, the ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Sterling Heights, Michigan has received a Certificate of Achievement for the last 37 consecutive years (fiscal years 1988-2024). We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of this Annual Comprehensive Financial Report was made possible by the efficient and dedicated service of the entire staff of the Office of Financial Services. We wish to express our sincere appreciation to each of them and to various employees from other offices for their cooperation and assistance. Appreciation is also expressed to the Mayor and City Council for their consistent support throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Mark D. Vanderpool  
City Manager



Jennifer L. Varney  
Finance and Budget Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Sterling Heights  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

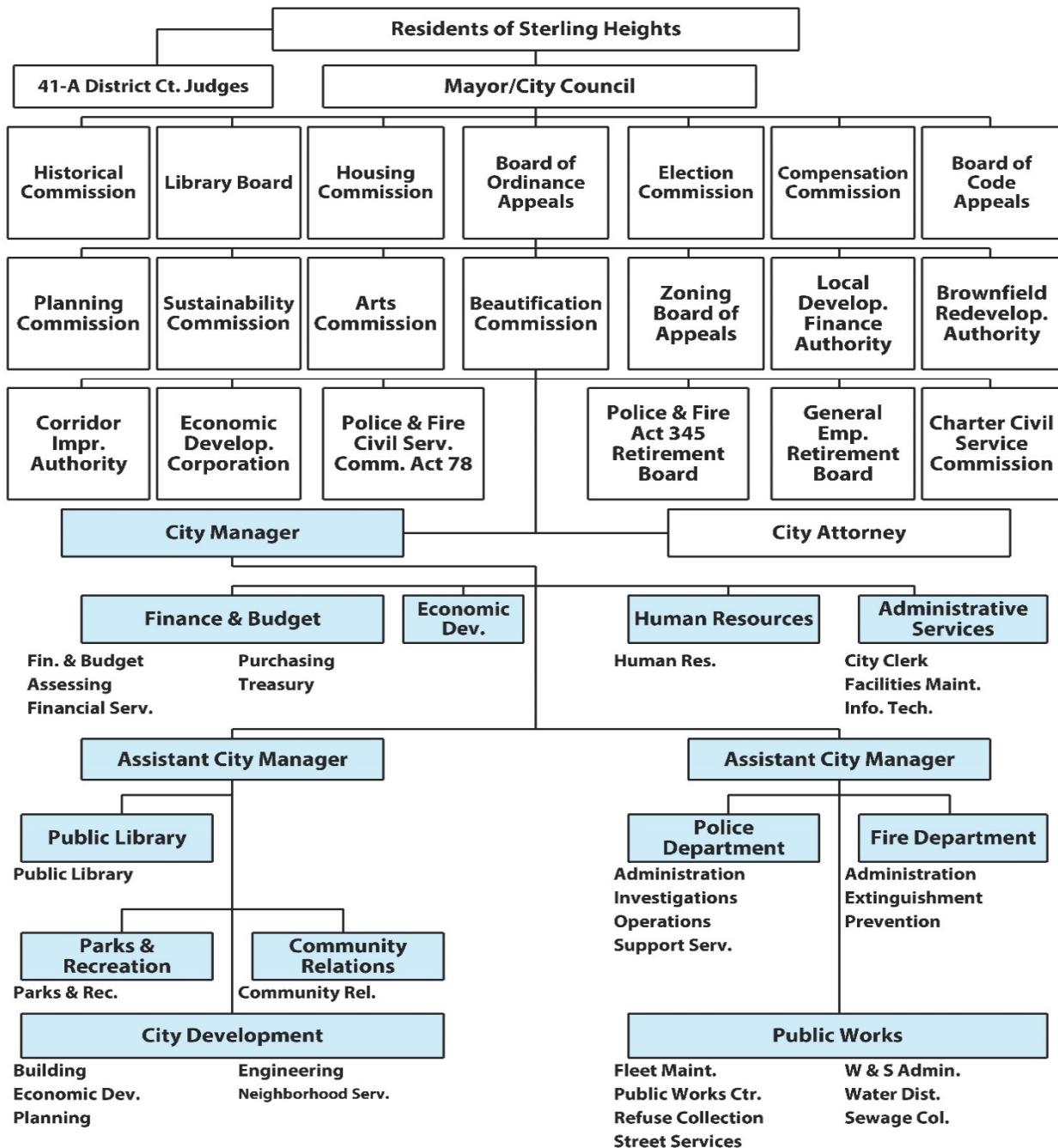
*Christopher P. Monell*

Executive Director/CEO

# CITY OF STERLING HEIGHTS, MICHIGAN

## Organization Chart

As of June 30, 2025



# CITY OF STERLING HEIGHTS, MICHIGAN

## Principal Officials

City Manager	Mark D. Vanderpool
Assistant City Manager	Haley Bradley
Assistant City Manager	Dale Dwojakowski
Assistant City Planner	Shawn Keenan
Assistant Finance and Budget Director	Nick Makie
Finance Manager	Patricia Wolshon
Building Official	Frank Bayer
City Assessor	Robin Palazzolo
City Attorney	Marc D. Kaszubski
City Clerk	Melanie D. Ryksa
City Development Director	Jason Castor
City Engineer	Brent S. Bashaw
City Planner/City Development Manager	Jake Parcell
City Treasurer	Jia Hang
Community Relations Director	Melanie D. Davis
Controller	Jason Denton
Facilities Maintenance Manager	Todd Macovis
Finance and Budget Director	Jennifer L. Varney
Fire Chief	Kevin Edmond
Human Resources Director	Kate Baldwin
Information Technology Director	Steve Deon
Parks and Recreation Director	Kyle Langlois
Police Chief	Andrew Satterfield
Public Library Director	Tammy L. Turgeon
Public Works Director	Michael Moore
Purchasing Manager	Erik Skurda

# CITY OF STERLING HEIGHTS, MICHIGAN

## Fund Organization Chart

<b>Governmental Funds</b>	
<b>General*</b>	<b>Special Revenue</b>
	Major Streets
	Local Streets
	Parks and Recreation
	Indigent Defense
	Public Safety Forfeiture
	Community Development Block Grant
	Opioid Settlement
	Refuse/Recycling
	American Rescue Plan Act
<b>Debt Service</b>	
<b>Capital Projects</b>	
Limited Tax General Obligation	General Improvements
General Drain	Facility Improvements
Voted Tax General Obligation	Clinton River Restoration
Road Bond Debt Retirement	Land and Water Conservation
	Road Bond Construction
<b>Proprietary Funds</b>	
<b>Enterprise</b>	<b>Internal Service</b>
Water and Sewer*	Self-insurance
<b>Fiduciary Funds</b>	
General Employees' Retirement System	
Police and Fire Retirement System	
Retiree Medical Benefits	
Tax Receiving	
District Court	
<b>Fiduciary Funds</b>	
Corridor Improvement Authority	
Local Development Finance Authority	
Economic Development Authority	
Brownfield Redevelopment Authority	

\* Major funds under GASB No. 34

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

December 2, 2025

Honorable Mayor and Members  
of the City Council  
City of Sterling Heights, 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 Sterling Heights, 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, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

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

As described in Note 20, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities, business-type activities and the Water and Sewer enterprise fund was restated. Our opinion is not modified with respect to this matter.



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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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, statistical, and continuing disclosure 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 2, 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.

*Rehmann Loham LLC*

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

Our discussion and analysis of the City of Sterling Heights, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2025. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal and is intended to serve as an introduction to the City's basic financial statements.

#### Financial Highlights

· Total net position	\$ 311,557,926
· Change in total net position	46,196,041
· Net position, governmental activities	172,391,640
· Change in total net position, governmental activities	40,527,692
· Net position, business-type activities	139,166,286
· Change in total net position, business-type activities	5,668,349
· Fund balances, governmental funds	89,827,176
· Change in fund balances, governmental funds	7,475,534
· Unassigned fund balance, general fund	41,885,348
· Change in fund balance, general fund	2,134,717

#### 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. Both the government-wide and major fund perspectives allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability.

**Government-wide Financial Statements.** The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. 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 being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued interest on long-term debt).

The City's government-wide financial statements are divided into three categories:

**Governmental Activities.** Most of the City's basic services are included here, such as general government, 41A District Court, public safety, public works, and recreation and culture. Property taxes, state-shared revenue, charges for services, and grants are the City's most significant funding streams.

**Business-type Activities.** The City charges fees to customers to cover costs of providing water and sewer services.

**Component Units.** The City includes four other separate entities in its report: the Corridor Improvement Authority, the Local Development Finance Authority, the Economic Development Corporation, and the Brownfield Redevelopment Authority. Although legally separate, these component units are important because the City is considered financially accountable for them. The Sterling Heights Building Authority is also legally separate; however, it functions as a department of the City and, therefore, has been included as an integral part of the primary government. The Building Authority had no activity in the current fiscal year.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

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

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts annual appropriated budgets for its governmental funds. Budgetary comparison statements and schedules have been provided to demonstrate compliance with these budgets.

*Proprietary funds.* The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the management of its retained risks. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

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

**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 and individual fund financial statements and schedules are presented immediately following the required supplementary information.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

#### Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In a condensed format, the table below shows net position as of June 30, 2025 and 2024:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 128,547,159	\$ 128,841,892	\$ 42,056,140	\$ 44,586,375	\$ 170,603,299	\$ 173,428,267
Capital assets, net	402,329,172	388,569,729	210,353,385	207,751,172	612,682,557	596,320,901
<b>Total assets</b>	<b>530,876,331</b>	<b>517,411,621</b>	<b>252,409,525</b>	<b>252,337,547</b>	<b>783,285,856</b>	<b>769,749,168</b>
<b>Deferred outflows of resources</b>	<b>14,029,984</b>	<b>10,452,770</b>	<b>549,157</b>	<b>656,841</b>	<b>14,579,141</b>	<b>11,109,611</b>
Long-term liabilities	325,697,460	344,766,812	104,602,931	108,872,987	430,300,391	453,639,799
Other liabilities	27,252,850	33,300,609	7,878,460	9,300,269	35,131,310	42,600,878
<b>Total liabilities</b>	<b>352,950,310</b>	<b>378,067,421</b>	<b>112,481,391</b>	<b>118,173,256</b>	<b>465,431,701</b>	<b>496,240,677</b>
<b>Deferred inflows of resources</b>	<b>19,564,365</b>	<b>14,657,123</b>	<b>1,311,005</b>	<b>1,211,937</b>	<b>20,875,370</b>	<b>15,869,060</b>
Net position:						
Net investment in capital assets	297,932,238	278,232,574	122,450,201	117,064,499	420,382,439	395,297,073
Restricted	26,000,314	28,484,366	12,581,123	12,413,205	38,581,437	40,897,571
Unrestricted (deficit)	(151,540,912)	(171,577,093)	4,134,962	4,131,491	(147,405,950)	(167,445,602)
<b>Total net position</b>	<b>\$ 172,391,640</b>	<b>\$ 135,139,847</b>	<b>\$ 139,166,286</b>	<b>\$ 133,609,195</b>	<b>\$ 311,557,926</b>	<b>\$ 268,749,042</b>

#### The City as a Whole

The City's overall net position increased by 17.2% from last year, growing from \$268.7 million to \$311.6 million. The increase in net position can be primarily attributed to investments in infrastructure, including roads and water and sewer mains, as well as investments in facilities, vehicles, and equipment. A decrease in the unfunded post-retirement benefit liability also contributed.

A review of the governmental activities, separate from the business-type activities, shows an increase of \$40.5 million in net position during fiscal year 2025. As noted above, this is primarily due to investments in roads, facilities, vehicles, and equipment. A reduction in the net pension and postemployment benefit liabilities due to increased rates of return also contributed to the net position gain. As of June 30, 2025, unrestricted net position for governmental activities, which is the part of total net position available to finance day-to-day operations and future growth, was a deficit of \$151.5 million. This represents a decrease of \$20.0 million compared to June 30, 2024. The negative amount is primarily due to recognition of future pension and postemployment benefit liabilities, which both decreased for the current fiscal year due to investment gains and contributions to the plans. This year also included an increase to the liability for compensated absences, resulting from new GASB requirements. The City is committed to continued funding of these long-term liabilities on an annual basis.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

The business-type activities experienced an increase in net position of \$5.7 million, primarily due to investments in water and sewer mains and a reduction in post-retirement liabilities. Additional analysis of the Water and Sewer Fund is seen under the City's Financial Analysis of Individual Funds.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 22,998,588	\$ 25,280,073	\$ 59,416,004	\$ 56,129,351	\$ 82,414,592	\$ 81,409,424
Operating grants	27,822,004	26,224,329	-	-	27,822,004	26,224,329
Capital grants	9,443,736	4,272,552	5,596,037	3,716,754	15,039,773	7,989,306
General revenues:						
Property taxes	93,981,744	87,715,017	-	-	93,981,744	87,715,017
Intergovernmental	16,034,137	15,685,869	-	-	16,034,137	15,685,869
Investment earnings	6,494,548	6,355,569	1,378,140	1,425,139	7,872,688	7,780,708
Other	3,342,703	4,502,875	47,775	92,785	3,390,478	4,595,660
<b>Total revenues</b>	<b>180,117,460</b>	<b>170,036,284</b>	<b>66,437,956</b>	<b>61,364,029</b>	<b>246,555,416</b>	<b>231,400,313</b>
<b>Expenses:</b>						
General government	11,114,318	9,880,105	-	-	11,114,318	9,880,105
41A District Court	5,033,511	4,632,788	-	-	5,033,511	4,632,788
Public safety	70,351,885	69,089,402	-	-	70,351,885	69,089,402
Public works	37,016,474	31,434,521	-	-	37,016,474	31,434,521
Recreation and culture	13,256,660	13,375,798	-	-	13,256,660	13,375,798
Interest on long-term liabilities	2,816,920	3,157,646	-	-	2,816,920	3,157,646
Water and sewer	-	-	60,769,607	59,445,422	60,769,607	59,445,422
<b>Total expenses</b>	<b>139,589,768</b>	<b>131,570,260</b>	<b>60,769,607</b>	<b>59,445,422</b>	<b>200,359,375</b>	<b>191,015,682</b>
Change in net position	40,527,692	38,466,024	5,668,349	1,918,607	46,196,041	40,384,631
<b>Net position:</b>						
Beginning of year	135,139,847	96,673,823	133,609,195	131,690,588	268,749,042	228,364,411
Restatement*	(3,275,899)	-	(111,258)	-	(3,387,157)	-
<b>End of year</b>	<b>\$ 172,391,640</b>	<b>\$ 135,139,847</b>	<b>\$ 139,166,286</b>	<b>\$ 133,609,195</b>	<b>\$ 311,557,926</b>	<b>\$ 268,749,042</b>

\*During the year ended June 30, 2025, the City implemented the provisions of GASB Statement 101, *Compensated Absences*. See additional details in Note 20.

### Financial Analysis of Individual Funds

The fund financial statements provide detailed information on the most significant funds. The City's major governmental fund for 2025 was the General Fund. The City's major enterprise fund for 2025 was the Water and Sewer Fund.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

#### *General Fund*

During the current fiscal year the fund balance of the City's General Fund increased by \$2.1 million, or 5.2% to \$43.0 million.

General Fund revenue increased by approximately \$5.3 million (4.1%) compared to the prior year to \$135.2 million. Many factors contributed to the increase, including the following:

- Higher property taxes of \$4.3 million resulting from an overall 7.2% increase in taxable value (5% due to inflation and the remainder due to growth and development).
- An increase in Federal and State revenue of \$0.6 million primarily due to additional state revenue sharing and Tier 3 personal property tax reimbursements.
- Charges for services increased \$1 million primarily due to revenue received from other funds and additional billings for police and fire services.
- These increases were partially offset by decreases in Cable TV revenue and lower unrealized investment gains.

General Fund expenditures totaled \$117.6 million, which is an increase of \$10.4 million, or 9.7%, compared to the prior year. Many of the factors contributed to the increase, including the following:

- Labor costs increased \$6 million primarily due to inflationary increases in contractual wages.
- Additional grant funded expenditure of \$1 million related to the Lakeside redevelopment project.
- Cost increases in contractual services, software maintenance fees, street lighting and the funding of the employee wellness center.

#### *Water and Sewer Fund*

Unrestricted net position of the water and sewer system at the end of the year was \$4.1 million, with a total net position of \$139.2 million. Net position increased by \$5.7 million in the fiscal year 2025. The increase in net position was primarily due to investments in water and sewer mains and a reduction in post-retirement and other long-term liabilities. Operating income also increased by \$3.3 million due in part to a rate study completed by the City during the year. The City designed a new tiered rate structure that has lower variable rates, no minimum usage charge, and a change to the sewer rate based on average winter consumption. In addition, the new rate structure discourages wasteful water usage.

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

Over the course of the year, City administration and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. The budget was amended twice during fiscal year 2025. Final budgeted expenditures and transfers out were \$8.1 million, or 6.5%, higher than the original budget primarily due to:

- A carry forward of a budgeted grant expenditure of \$2 million toward the Lakeside redevelopment.
- A \$4 million transfer to the Facilities Improvement Fund toward the future renovation of Fire Station #5 (funded with Tier 3 personal property tax reimbursements).
- Increases in labor costs for contracts settled subsequent to budget adoption.

Final budgeted revenue was \$8.2 million, or 6.5%, higher than the original budget due additional grant revenue of \$2.5 million, Tier III Personal Property Tax Reimbursements of \$5 million, and additional interest revenue of \$1 million.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

At year end, actual General Fund expenditures were 100.7% of the budgeted amount, or \$0.9 million over budget. This is entirely due to the recognition of GASB 96, *Subscription-Based Information Technology Arrangements*, which requires the recording of a capital outlay expenditure to record the subscription-based information technology arrangements. Exclusive of this adjustment, General Fund departmental expenditures were under budget, at 99.4% of the amended budget.

General Fund revenue was 101.0% of the budget amount, or \$1.3 million over budget primarily due to better than expected unrealized gains on investments.

#### Capital Assets and Debt Administration

##### *Capital Assets*

At the end of fiscal year 2025, the City had \$612.7 million invested in a wide range of capital assets, including land, construction in progress, works of art, buildings and land improvements, equipment, furnishings and fixtures, infrastructure (roads, bridges, sidewalks, and storm drains), and subscription assets. Capital assets increased \$16.4 million during the year. The increase is primarily due to major road improvements, investments and water and sewer mains, and the additional of subscription assets as required by GASB 96, *Subscription-based Information Technology Arrangements*.

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 47,284,201	\$ 47,284,201	\$ 64,871	\$ 64,871	\$ 47,349,072	\$ 47,349,072
Construction in progress	80,835,889	72,773,026	38,335,831	29,865,732	119,171,720	102,638,758
Works of art	626,112	623,047	-	-	626,112	623,047
Buildings and improvements	77,528,748	80,265,384	211,263	220,379	77,740,011	80,485,763
Land improvements	38,997,186	40,414,302	-	-	38,997,186	40,414,302
Equipment	17,244,326	17,959,172	11,979,168	12,251,512	29,223,494	30,210,684
Furnishings and fixtures	2,053,266	2,238,750	-	-	2,053,266	2,238,750
Infrastructure	136,545,078	127,011,847	159,539,159	165,348,678	296,084,237	292,360,525
Subscription assets	1,214,366	-	223,093	-	1,437,459	-
<b>Total</b>	<b>\$ 402,329,172</b>	<b>\$ 388,569,729</b>	<b>\$ 210,353,385</b>	<b>\$ 207,751,172</b>	<b>\$ 612,682,557</b>	<b>\$ 596,320,901</b>

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

##### *Long-term Debt*

In September 2025, as part of a debt issuance, S&P affirmed the City's 'AA' credit rating. S&P noted the City's strong management and positive operating performance, health economy, and manageable debt costs supported by dedicated revenue streams, when affirming the rating. The City's excellent credit rating allows the City to obtain low rates on debt issuances. Debt service for all outstanding direct debt during fiscal year 2025 totaled \$12.7 million. Outstanding bonds payable and related premium totaled \$199.9 million at June 30, 2025.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

The City's business-type activities issued bonds in fiscal year 2025 of \$2,245,900. This represented the City's portion of a bond issued by the Oakland Macomb Interceptor Drainage District (OMIDD) for the purpose of acquiring, financing, constructing, improving, and replacing certain wastewater facilities by the Drainage District.

Years Ended	Net Debt Outstanding (Direct and Indirect)	Ratio of Net Debt Outstanding to Total State Equalized Value	Net Debt Outstanding Per Capita
2025	\$ 142,242,099	1.76	\$ 1,059
2024	149,282,567	2.02	1,111
2023	155,181,884	2.30	1,155

Additional information on the City's long-term debt can be found in Note 7 to the financial statements.

#### Economic Conditions and Outlook

The following economic factors currently affect the City and were considered in developing the 2025/26 fiscal year budget:

##### *General Fund*

###### General Fund Revenue

General Fund budgeted revenue is expected to be \$131.7 million for fiscal year 2025/26. This is an increase of \$3.5 million (2.7%) compared to the fiscal year 2024/25 budget (at the December amendment).

###### Property Taxes

The City's overall property tax assessments are expected to increase by 4.7% due to a 3.1% inflationary increase and an additional 1.6% increase due to new construction and property turnover leading to the uncapping of assessments. The City's operating tax rate of 9.494 mills is lower than the maximum allowable levy by 0.7206 mills, which allows the capture of additional property tax revenue through growth and investment. However, this gap continues to narrow each year due to consistent Headlee rollbacks and, without legislative change, will disappear, limiting the City's ability to increase revenue. The City's total millage rate will increase to a total of 17.5323 mills. The increase is primarily due to the new voter approved Pathways to Play and Preservation millage (0.9439) which will fund placemaking projects including creating and maintaining pathways and walkways, preserving open space, reforesting the community, and improving parks.

The City's tax rate remains lower than 46% of all cities in the state and one of the lowest of any city in Macomb County. For 2025, the City's tax rate was 4.72 mills below the average of all cities in the county. For the 2025 tax year, the average homeowner's city tax bill is \$1,809 annually for all city services, about \$151 per month.

The City's non-tax General Fund revenue is expected to remain relatively stable seeing inflationary increases across most sources.

###### General Fund Expenditures

General Fund budgeted expenditures are \$133 million for fiscal year 2026. This is an increase of \$3.6 million (2.8%) compared to the fiscal year 2024/25 budget (at the December amendment). The increase is primarily due to increases in contractual wages and benefits offset by savings in grant funded expenditures.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Management's Discussion and Analysis

#### Contribution to Fund Balance

The City continues to prioritize a healthy General Fund balance to protect against future economic downturns. As a result, General Fund reserves now total \$43.0 million, or 31.9% of General Fund expenditures and transfers out. The 2025/26 adopted budget includes a use of \$1.3 million of fund balance primarily for one-time expenditures related to settled labor contracts. By following the City's long-term financial plan, the City has been able to weather the financial storm caused by the pandemic and avoided compromising its superior AA bond rating, which saves hundreds of thousands of dollars in annual interest costs.

#### Road Funding

The City continued to prioritize road reconstruction in 2025 by investing over \$14.6 million in major and local road reconstruction. This investment continues in the fiscal year 2025/26 budget, which includes an additional \$11.6 million of road construction expenditures, including \$10 million, partially federally funded, project to transform Clinton River Road. Thankfully, the Safe Streets millage that was first approved in 2013 was renewed in 2019 for an additional 10 years and generates \$4.5 million annually for local road reconstruction. In addition, the recently adopted State budget will increase road funding significantly, helping the City to fund future significant road projects, such as Ryan Road, 16 Mile Road and the Lakeside spoke roads.

#### Water and Sewer Fund

The City of Sterling Heights, Michigan purchases water from the Great Lakes Water Authority (GLWA) and sewer services from Macomb County Public Works. Nearly 75% of the expenditures in the Water and Sewer Fund are directly related to the costs passed on by these two entities.

For fiscal year 2025/26, the GLWA increased rates by 5.9%, and Macomb County Public Works increased rates by 4%. These cost increases plus a continued decline in usage resulted in a 7.3% increase in water and sewer rates for City customers. Even with this increase, the City continues to offer the lowest average water and sewer rates of our surrounding communities at a cost of \$81 per month for the average household.

#### Future Actions Needed for 2026 and Beyond

Because the City has successfully approached challenging financial times in a comprehensive, long-term manner, it is able to weather unexpected economic challenges. Much of the City's success in the past decade can be attributed to the City's commitment to Visioning and Strategic Planning. In 2024, City leaders, in collaboration with residents, business, and other stakeholders updated and adopted the Visioning 2040 plan in an effort to continue planning for a prosperous and sustainable future. This effort culminated with the passage of the Pathway to Play and Preservation millage in November 2024. This millage focuses on sustainability and placemaking projects, including creating and maintaining pathways and walkways, preserving open space, reforesting the community, and enhancing parks. The implementation of the projects promised as a part of this millage will be a focus over the next three years.

Due to the City's cost-cutting efforts, the City is better positioned than many communities. Regularly updating the City's financial forecast allows the City to take corrective action early when necessary. The City has low debt levels, high bond ratings, and excellent services funded by very low property taxes and water and sewer rates. The City's tax rate continues to be one of the lowest of any city in the county and is lower than 46% of cities throughout the state. The City also continues to have one of the lowest residential water and sewer rates of cities in the state with more than 25,000 residents. Thanks to the Safe Streets millage, we are able to invest in replacing needed capital, make repairs to local neighborhood streets, and continue to provide critical police and fire services that result in the City remaining one of the safest large cities in the country. Finally, through additional voter approved millages such as Recreating Recreation and the recently approved Pathways to Play and Preservation, the City is able to continue to invest in placemaking initiatives that make the City an ideal community to live and work.

The City is continuing to experience unprecedented growth and financial success due to thoughtful long-range planning. Our goal is to continue this tradition of excellence over the next fiscal year and beyond by continuing to balance service delivery needs, the need for capital investments, and the need to set aside funds for promised long-term retirement liabilities based on realistic actuarial investment assumptions.

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Management's Discussion and Analysis

The City Council and City Administration will further develop the City's financial strategy and continue fiscal responsibility while maintaining as many core services as possible. In the meantime, the City will keep residents informed and ensure they continue to receive maximum value for their tax dollars.

#### **Requests for Information**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the resources it receives. If you have any questions about this report or need additional information, we invite you to contact the administration offices at city hall.

## **BASIC FINANCIAL STATEMENTS**

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## CITY OF STERLING HEIGHTS, 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	\$ 60,066,822	\$ 6,683,897	\$ 66,750,719	\$ 5,241,017
Investments	43,162,740	9,997,848	53,160,588	-
Receivables	15,388,536	11,505,041	26,893,577	68,083
Other assets	7,023,728	1,288,231	8,311,959	338,659
Restricted assets, cash and investments	2,905,333	12,581,123	15,486,456	-
Capital assets not being depreciated/amortized	128,746,202	38,400,702	167,146,904	1,212,203
Capital assets being depreciated/amortized, net	273,582,970	171,952,683	445,535,653	5,157,290
<b>Total assets</b>	<b>530,876,331</b>	<b>252,409,525</b>	<b>783,285,856</b>	<b>12,017,252</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	173,386	173,386	-
Deferred pension amounts	7,479,509	-	7,479,509	-
Deferred other postemployment benefit amounts	6,550,475	375,771	6,926,246	-
<b>Total deferred outflows of resources</b>	<b>14,029,984</b>	<b>549,157</b>	<b>14,579,141</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	16,252,524	6,199,064	22,451,588	94,309
Cash bonds and deposits	6,367,799	2,200	6,369,999	53,520
Unearned revenue	4,632,527	1,677,196	6,309,723	60,452
Bonds, notes and other long-term liabilities:				
Due within one year	12,362,632	5,857,362	18,219,994	-
Due in more than one year	102,283,058	89,565,562	191,848,620	-
Net pension liability (due in more than one year)	174,270,711	7,070,045	181,340,756	-
Net other postemployment benefit liability (due in more than one year)	36,781,059	2,109,962	38,891,021	-
<b>Total liabilities</b>	<b>352,950,310</b>	<b>112,481,391</b>	<b>465,431,701</b>	<b>208,281</b>
<b>Deferred inflows of resources</b>				
Deferred benefit on refunding	-	398,478	398,478	-
Deferred pension amounts	5,171,380	162,587	5,333,967	-
Deferred other postemployment benefit amounts	13,073,021	749,940	13,822,961	-
Deferred lease amounts	1,319,964	-	1,319,964	-
<b>Total deferred inflows of resources</b>	<b>19,564,365</b>	<b>1,311,005</b>	<b>20,875,370</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	297,932,238	122,450,201	420,382,439	6,369,493
Restricted for:				
Roads	15,840,288	-	15,840,288	-
Public safety	8,211,061	-	8,211,061	-
Public works	1,852,164	-	1,852,164	-
Capital projects	96,801	-	96,801	-
County drains	-	12,581,123	12,581,123	-
Unrestricted (deficit)	(151,540,912)	4,134,962	(147,405,950)	5,439,478
<b>Total net position</b>	<b>\$ 172,391,640</b>	<b>\$ 139,166,286</b>	<b>\$ 311,557,926</b>	<b>\$ 11,808,971</b>

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

## CITY OF STERLING HEIGHTS, 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	\$ 11,114,318	\$ 2,397,326	\$ 10,189,161	\$ 8,260,911	\$ 9,733,080
41A District Court	5,033,511	2,562,885	829,712	-	(1,640,914)
Public safety	70,351,885	5,999,481	777,283	132,303	(63,442,818)
Public works	37,016,474	10,555,757	14,591,508	1,050,522	(10,818,687)
Recreation and culture	13,256,660	1,483,139	1,434,340	-	(10,339,181)
Interest on long-term liabilities	2,816,920	-	-	-	(2,816,920)
Total governmental activities	139,589,768	22,998,588	27,822,004	9,443,736	(79,325,440)
Business-type activities:					
Water and sewer	60,769,607	59,416,004	-	5,596,037	4,242,434
<b>Total primary government</b>	<b>\$ 200,359,375</b>	<b>\$ 82,414,592</b>	<b>\$ 27,822,004</b>	<b>\$ 15,039,773</b>	<b>\$ (75,083,006)</b>
<b>Component units</b>					
Corridor Improvement Authority	\$ 67,508	\$ -	\$ -	\$ -	\$ (67,508)
Local Development Finance Authority	2,555,863	-	1,313,939	-	(1,241,924)
Brownfield Redevelopment Authority	768,812	-	-	-	(768,812)
<b>Total component units</b>	<b>\$ 3,392,183</b>	<b>\$ -</b>	<b>\$ 1,313,939</b>	<b>\$ -</b>	<b>\$ (2,078,244)</b>

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## CITY OF STERLING HEIGHTS, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Changes in net position</b>				
Net (expense) revenue	\$ (79,325,440)	\$ 4,242,434	\$ (75,083,006)	\$ (2,078,244)
General revenues:				
Property taxes	93,981,744	-	93,981,744	3,020,586
Unrestricted state shared revenues	16,034,137	-	16,034,137	-
Unrestricted investment earnings	6,494,548	1,378,140	7,872,688	266,036
Gain on sale of capital assets	-	47,775	47,775	-
Cable franchise fees	1,521,912	-	1,521,912	-
Other revenue	1,820,791	-	1,820,791	492,552
Total general revenues	119,853,132	1,425,915	121,279,047	3,779,174
<b>Change in net position</b>	<u>40,527,692</u>	<u>5,668,349</u>	<u>46,196,041</u>	<u>1,700,930</u>
Net position, beginning of year, as previously reported	135,139,847	133,609,195	268,749,042	10,108,041
Restatement	(3,275,899)	(111,258)	(3,387,157)	-
Net position, beginning of year, as restated	131,863,948	133,497,937	265,361,885	10,108,041
<b>Net position, end of year</b>	<u>\$ 172,391,640</u>	<u>\$ 139,166,286</u>	<u>\$ 311,557,926</u>	<u>\$ 11,808,971</u>

concluded.

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Balance Sheet

Governmental Funds  
June 30, 2025

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 13,434,099	\$ 41,541,405	\$ 54,975,504
Investments	37,287,480	5,875,260	43,162,740
Restricted assets, cash and investments	-	2,905,333	2,905,333
Receivables:			
Special assessment	-	436,073	436,073
Accounts	1,157,537	136,562	1,294,099
Accrued interest	492,852	46,482	539,334
Leases	1,526,490	-	1,526,490
Due from other governmental units	2,895,234	3,668,884	6,564,118
Opioid settlement	-	3,802,078	3,802,078
Loans	-	1,226,344	1,226,344
Due from other funds	57,860	-	57,860
Prepays and other assets	84,872	4,420,886	4,505,758
Inventories	981,537	-	981,537
<b>Total assets</b>	<u>\$ 57,917,961</u>	<u>\$ 64,059,307</u>	<u>\$ 121,977,268</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,655,484	\$ 7,476,930	\$ 9,132,414
Accrued and other liabilities	2,892,261	307,059	3,199,320
Due to other governmental units	255,217	-	255,217
Due to other funds	-	57,860	57,860
Cash bonds and deposits	5,620,659	747,140	6,367,799
Unearned revenue	455,394	4,177,133	4,632,527
<b>Total liabilities</b>	<u>10,879,015</u>	<u>12,766,122</u>	<u>23,645,137</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	2,767,225	4,417,766	7,184,991
Deferred lease amounts	1,319,964	-	1,319,964
<b>Total deferred inflows of resources</b>	<u>4,087,189</u>	<u>4,417,766</u>	<u>8,504,955</u>
<b>Fund balances</b>			
Nonspendable	1,066,409	4,420,886	5,487,295
Restricted	-	21,546,397	21,546,397
Committed	-	37,428	37,428
Assigned	-	20,870,708	20,870,708
Unassigned	41,885,348	-	41,885,348
<b>Total fund balances</b>	<u>42,951,757</u>	<u>46,875,419</u>	<u>89,827,176</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 57,917,961</u>	<u>\$ 64,059,307</u>	<u>\$ 121,977,268</u>

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Reconciliation

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

<b>Fund balances for governmental funds</b>	\$ 89,827,176
Amounts reported for <i>governmental activities</i> 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 fund statement.	
Capital assets not being depreciated/amortized	128,746,202
Capital assets being depreciated/amortized, net	273,582,970
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 outflows in the governmental funds, and thus are not included in fund balance.	
Deferred long-term receivables	7,184,991
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of internal service fund	3,813,828
Certain liabilities, such as bonds payable, notes and other long-term liabilities, are not due and payable in the current period, and therefore are not reported in the funds.	
Accrued interest on bonds	(851,650)
Bonds, notes and other long-term liabilities	(101,682,344)
Unamortized bond premiums	(4,683,022)
Compensated absences	(8,280,324)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities 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	(174,270,711)
Deferred outflows related to the net pension liability	7,479,509
Deferred inflows related to the net pension liability	(5,171,380)
Net other postemployment benefit liability	(36,781,059)
Deferred outflows related to the net other postemployment benefit liability	6,550,475
Deferred inflows related to the net other postemployment benefit liability	<u>(13,073,021)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 172,391,640</u></u>

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

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Governmental Funds

For the Year Ended June 30, 2025

	(Formerly Major Fund)			
	General	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 76,826,169		\$ 17,155,575	\$ 93,981,744
Special assessments	-		139,017	139,017
Intergovernmental:				
Federal sources	628,608		10,280,275	10,908,883
State sources	28,933,914		20,701,223	49,635,137
Local sources	6,991		1,647,310	1,654,301
Charges for services	16,128,407		1,796,274	17,924,681
Fines and forfeitures	2,081,914		-	2,081,914
Licenses and permits	3,783,583		-	3,783,583
Interest and rentals	5,551,412		2,692,518	8,243,930
Other	1,224,085		596,706	1,820,791
<b>Total revenues</b>	<u>135,165,083</u>		<u>55,008,898</u>	<u>190,173,981</u>
<b>Expenditures</b>				
Current:				
General government	17,471,341		262,574	17,733,915
41A district court	4,295,357		708,181	5,003,538
Public safety	71,305,278		1,244,524	72,549,802
Public works	16,237,900		14,773,218	31,011,118
General expenditures	3,329,559		-	3,329,559
Recreation and culture	2,964,038		7,050,902	10,014,940
Debt service:				
Principal payments	263,167		7,305,000	7,568,167
Interest and paying agent fees	52,091		3,679,483	3,731,574
Capital outlay	<u>1,726,288</u>		<u>31,654,699</u>	<u>33,380,987</u>
<b>Total expenditures</b>	<u>117,645,019</u>		<u>66,678,581</u>	<u>184,323,600</u>
Revenues over (under) expenditures	<u>17,520,064</u>		<u>(11,669,683)</u>	<u>5,850,381</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	130,642		-	130,642
Issuance of long-term liabilities	1,494,511		-	1,494,511
Transfers in	-		21,810,500	21,810,500
Transfers out	<u>(17,010,500)</u>		<u>(4,800,000)</u>	<u>(21,810,500)</u>
<b>Total other financing sources (uses)</b>	<u>(15,385,347)</u>		<u>17,010,500</u>	<u>1,625,153</u>
<b>Net change in fund balances</b>	<u>2,134,717</u>		<u>5,340,817</u>	<u>7,475,534</u>
Fund balances, beginning of year, as previously reported	40,817,040	\$ 999,748	40,534,854	82,351,642
Change within financial reporting entity	-	(999,748)	999,748	-
Fund balances, beginning of year, as adjusted	<u>40,817,040</u>	<u>-</u>	<u>41,534,602</u>	<u>82,351,642</u>
<b>Fund balances, end of year</b>	<u>\$ 42,951,757</u>	<u>\$ -</u>	<u>\$ 46,875,419</u>	<u>\$ 89,827,176</u>

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Reconciliation

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

<b>Net change in fund balances - total governmental funds</b>	\$ 7,475,534
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Amounts reported for *governmental activities* in the statement of activities are different because:

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

Capital assets purchased/constructed	32,869,050
Depreciation/amortization expense	(18,740,786)
Loss on sale of capital assets	(238,179)
Proceeds from sale of capital assets	(130,642)

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

Net change in deferred long-term receivables	(2,581,114)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds 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.

Principal payments on bonds and other long-term liabilities	7,568,167
Issuance of other long-term liabilities	(1,494,511)

Some 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, bond premium and deferred charge on refunding on bonds, notes and other long-term liabilities	862,565
Change in employee costs (pension, OPEB and compensated absences)	13,880,973

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Operating income of the internal service funds	976,831
Investment income of the internal service funds	<u>79,804</u>

<b>Change in net position of governmental activities</b>	<u><u>\$ 40,527,692</u></u>
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The accompanying notes are an integral part of these financial statements.

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 76,817,000	\$ 76,696,410	\$ 76,826,169	\$ 129,759
Intergovernmental:				
Federal sources	76,650	412,500	628,608	216,108
State sources	21,797,600	29,211,900	28,933,914	(277,986)
Local sources	-	7,000	6,991	(9)
Charges for services	15,568,900	16,102,250	16,128,407	26,157
Fines and forfeitures	2,255,500	1,981,700	2,081,914	100,214
Licenses and permits:				
Cable franchise fees	1,800,000	1,550,000	1,521,912	(28,088)
Other licenses and permits	2,477,000	2,131,000	2,261,671	130,671
Interest and rentals:				
Investment earnings	1,800,000	2,700,000	3,722,226	1,022,226
Rental income	1,728,400	1,816,650	1,829,186	12,536
Other	1,347,400	1,256,650	1,224,085	(32,565)
<b>Total revenues</b>	<b>125,668,450</b>	<b>133,866,060</b>	<b>135,165,083</b>	<b>1,299,023</b>
<b>Expenditures</b>				
Current:				
General government:				
City administration	360,250	227,452	340,369	112,917
Chief executive (manager, supervisor)	5,317,800	5,242,820	5,130,055	(112,765)
Finance/accounting/budget department	4,510,250	4,351,751	4,488,914	137,163
Purchasing	1,591,300	1,546,830	1,527,561	(19,269)
Building and grounds	2,690,500	2,687,359	2,701,499	14,140
Human resources/personnel	1,007,800	1,052,520	988,079	(64,441)
Community relations	2,240,850	2,349,370	2,294,864	(54,506)
Total general government	<u>17,718,750</u>	<u>17,458,102</u>	<u>17,471,341</u>	<u>13,239</u>
41A District court	4,004,100	4,308,850	4,295,357	(13,493)
Public safety:				
Police	43,565,500	43,442,030	43,475,784	33,754
Fire	<u>26,474,900</u>	<u>27,727,810</u>	<u>27,829,494</u>	<u>101,684</u>
Total public safety	<u>70,040,400</u>	<u>71,169,840</u>	<u>71,305,278</u>	<u>135,438</u>

continued...

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Current:				
Public works:				
Public works	\$ 10,520,550	\$ 13,035,920	\$ 12,670,622	\$ (365,298)
City development	3,755,400	3,634,450	3,567,278	(67,172)
Total public works	<u>14,275,950</u>	<u>16,670,370</u>	<u>16,237,900</u>	<u>(432,470)</u>
General expenditures	<u>3,466,050</u>	<u>3,637,300</u>	<u>3,329,559</u>	<u>(307,741)</u>
Recreation and culture - Library	<u>2,907,000</u>	<u>2,988,270</u>	<u>2,964,038</u>	<u>(24,232)</u>
Debt service:				
Principal payments	-	263,167	263,167	-
Interest and paying agent fees	-	52,091	52,091	-
Total debt service	<u>-</u>	<u>315,258</u>	<u>315,258</u>	<u>-</u>
Capital outlay	<u>232,000</u>	<u>232,000</u>	<u>1,726,288</u>	<u>1,494,288</u>
<b>Total expenditures</b>	<u>112,644,250</u>	<u>116,779,990</u>	<u>117,645,019</u>	<u>865,029</u>
Revenues over (under) expenditures	<u>13,024,200</u>	<u>17,086,070</u>	<u>17,520,064</u>	<u>433,994</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	75,000	120,000	130,642	10,642
Issuance of long-term liabilities	-	-	1,494,511	1,494,511
Transfers out	<u>(13,010,500)</u>	<u>(17,010,500)</u>	<u>(17,010,500)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(12,935,500)</u>	<u>(16,890,500)</u>	<u>(15,385,347)</u>	<u>1,505,153</u>
<b>Net change in fund balance</b>	<u>88,700</u>	<u>195,570</u>	<u>2,134,717</u>	<u>1,939,147</u>
Fund balance, beginning of year	<u>40,817,040</u>	<u>40,817,040</u>	<u>40,817,040</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 40,905,740</u>	<u>\$ 41,012,610</u>	<u>\$ 42,951,757</u>	<u>\$ 1,939,147</u>

concluded.

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Statement of Net Position

Proprietary Funds  
June 30, 2025

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,683,897	\$ 5,091,318
Investments	9,997,848	-
Receivables:		
Accounts	11,444,991	-
Accrued interest	60,050	-
Prepaids and other assets	810,059	1,536,433
Inventories	478,172	-
Total current assets	<u>29,475,017</u>	<u>6,627,751</u>
Noncurrent assets:		
Restricted assets, cash and investments	12,581,123	-
Capital assets not being depreciated/amortized	38,400,702	-
Capital assets being depreciated/amortized, net	171,952,683	-
Total noncurrent assets	<u>222,934,508</u>	<u>-</u>
<b>Total assets</b>	<u>252,409,525</u>	<u>6,627,751</u>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding	173,386	-
Deferred other postemployment benefit amounts	375,771	-
<b>Total deferred outflows of resources</b>	<u>549,157</u>	<u>-</u>

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

### Statement of Net Position

Proprietary Funds  
June 30, 2025

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 5,483,214	\$ 460,099
Accrued and other liabilities	715,850	-
Cash bonds and deposits	2,200	-
Unearned revenue	1,677,196	-
Bonds, notes and other long-term liabilities, current portion	5,642,205	-
Compensated absences, current portion	215,157	-
Total current liabilities	<u>13,735,822</u>	<u>460,099</u>
Noncurrent liabilities:		
Provision for claims	-	2,353,824
Bonds, notes and other long-term liabilities, net of current portion	89,325,572	-
Compensated absences, net of current portion	239,990	-
Net pension liability	7,070,045	-
Net other postemployment benefit liability	2,109,962	-
Total noncurrent liabilities	<u>98,745,569</u>	<u>2,353,824</u>
<b>Total liabilities</b>	<u>112,481,391</u>	<u>2,813,923</u>
<b>Deferred inflows of resources</b>		
Deferred benefit on refunding	398,478	-
Deferred pension amounts	162,587	-
Deferred other postemployment benefit amounts	749,940	-
<b>Total deferred inflows of resources</b>	<u>1,311,005</u>	<u>-</u>
<b>Net position</b>		
Net investment in capital assets	122,450,201	-
Restricted - County drains	12,581,123	-
Unrestricted	4,134,962	3,813,828
<b>Total net position</b>	<u>\$ 139,166,286</u>	<u>\$ 3,813,828</u>

concluded.

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

**CITY OF STERLING HEIGHTS, MICHIGAN**

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

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
<b>Operating revenues</b>		
Water sales	\$ 23,316,082	\$ -
Sewage disposal charges	34,749,398	-
Service charges	668,454	-
City contributions	-	11,657,937
Other	682,070	3,158,909
<b>Total operating revenues</b>	<b>59,416,004</b>	<b>14,816,846</b>
<b>Operating expenses</b>		
Salaries and benefits	5,449,035	-
Water purchases	16,867,238	-
Sewage disposal services	22,496,706	-
Materials and supplies	334,716	-
Repairs and maintenance	1,134,468	-
Building and equipment rental	463,129	-
Contractual services	1,076,088	-
Administrative expenses	52,405	1,159,841
Other services and charges	2,645,550	-
Insurance charges and claims	250,000	12,680,174
Depreciation/amortization	7,290,032	-
<b>Total operating expenses</b>	<b>58,059,367</b>	<b>13,840,015</b>
Operating income	1,356,637	976,831
<b>Nonoperating revenues (expenses)</b>		
Investment income	1,378,140	79,804
Interest expense	(2,710,240)	-
Gain on sale of capital assets	47,775	-
<b>Total nonoperating revenues (expenses)</b>	<b>(1,284,325)</b>	<b>79,804</b>
Income (loss) before capital contributions	72,312	1,056,635
<b>Capital contributions</b>	<b>5,596,037</b>	<b>-</b>
<b>Change in net position</b>	<b>5,668,349</b>	<b>1,056,635</b>
Net position, beginning of year, as previously reported	133,609,195	2,757,193
Restatement	(111,258)	-
Net position, beginning of year, as restated	133,497,937	2,757,193
<b>Net position, end of year</b>	<b>\$ 139,166,286</b>	<b>\$ 3,813,828</b>

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

# CITY OF STERLING HEIGHTS, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 58,449,253	\$ -
Payments for interfund services and reimbursements	- 11,657,937	
Other operating receipts	682,070	3,158,909
Payments to vendors	(46,543,371)	(11,810,752)
Payments to employees	<u>(6,229,023)</u>	<u>-</u>
<b>Net cash from operating activities</b>	<u>6,358,929</u>	<u>3,006,094</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(9,514,373)	-
Issuance of bonds payable	2,245,900	-
Issuance of premium on other long-term liabilities	133,747	-
Principal paid on bonds, notes and other long-term liabilities	(5,528,104)	-
Interest paid on bonds, notes and other long-term liabilities	(3,308,698)	-
Capital contributions	5,596,037	-
Proceeds from sale of capital assets	<u>47,775</u>	<u>-</u>
<b>Net cash from capital and related financing activities</b>	<u>(10,327,716)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Interest received on investments	1,452,868	86,338
Purchase of investment securities	<u>8,449,195</u>	<u>-</u>
<b>Net cash from investing activities</b>	<u>9,902,063</u>	<u>86,338</u>
<b>Net change in cash and investments</b>	5,933,276	3,092,432
Cash and investments balances, beginning of year	<u>750,621</u>	<u>1,998,886</u>
<b>Cash and investments balances, end of year</b>	<u>\$ 6,683,897</u>	<u>\$ 5,091,318</u>

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

### Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
<b>Reconciliation of operating income</b>		
<b>to net cash from operating activities:</b>		
Operating income	\$ 1,356,637	\$ 976,831
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation/amortization	7,290,032	-
Changes in assets and liabilities:		
Receivables	(291,352)	-
Prepays and other assets	155,988	1,864,890
Inventories	74,952	-
Accounts payable	(1,454,011)	377,692
Accrued and other liabilities	25,531	-
Cash bonds and deposits	(4,019)	-
Unearned revenue	10,690	-
Provision for claims	-	(213,319)
Compensated absences	93,743	-
Net pension liability	(813,950)	-
Deferred outflows of resources related to the net pension liability	340,178	-
Deferred inflows of resources related to the net pension liability	162,587	-
Net other postemployment benefits liability	(354,447)	-
Deferred outflows of resources related to the net other postemployment liability	(249,807)	-
Deferred inflows of resources related to the net other postemployment liability	16,177	-
<b>Net cash from operating activities</b>	<b>\$ 6,358,929</b>	<b>\$ 3,006,094</b>
<b>Noncash capital and related financing activities</b>		
Capital assets acquired through SBITA	<u>\$ 377,872</u>	<u>\$ -</u>

concluded.

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

# CITY OF STERLING HEIGHTS, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 12,830,742	\$ 3,522
Investments:		
Municipal bonds	96,183	-
Government securities	44,448,197	-
Mutual funds	73,425,676	-
Common and preferred stock	350,435,042	-
Corporate bonds	27,317,393	-
Private real estate	46,446,380	-
Hedge funds	8,364,180	-
Receivables	<u>101,475</u>	-
<b>Total assets</b>	<u>563,465,268</u>	<u>3,522</u>
<b>Liabilities</b>		
Accounts payable	1,026,928	-
Due to other governments	-	3,522
Accrued and other liabilities	174,038	-
Provision for claims	<u>1,391,730</u>	-
<b>Total liabilities</b>	<u>2,592,696</u>	<u>3,522</u>
<b>Net position</b>		
Restricted for:		
Pension benefits	373,914,181	-
Other postemployment benefits	<u>186,958,391</u>	-
<b>Total net position</b>	<u>\$ 560,872,572</u>	<u>\$ -</u>

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

# CITY OF STERLING HEIGHTS, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 26,418,699	\$ -
Plan members	3,819,173	-
Employee service purchases	182,216	-
Other	740	-
Total contributions	<u>30,420,828</u>	<u>-</u>
Investment earnings:		
Net change in fair value of investments	45,744,593	-
Interest	296,387	-
Dividends	<u>15,239,041</u>	<u>-</u>
Total investment income	<u>61,280,021</u>	<u>-</u>
Less: Investment expenses	<u>(3,173,099)</u>	<u>-</u>
Net investment income	<u>58,106,922</u>	<u>-</u>
Taxes collected for other governments	-	173,654,914
Court fees collected for other governments	<u>-</u>	<u>1,009,148</u>
<b>Total additions</b>	<u>88,527,750</u>	<u>174,664,062</u>
<b>Deductions</b>		
Benefit payments	50,192,256	-
Refund of contributions	1,602,019	-
Administrative expenses	121,923	-
Payments of taxes to other governments	-	173,654,914
Court fees distributed to other governments	<u>-</u>	<u>1,009,148</u>
<b>Total deductions</b>	<u>51,916,198</u>	<u>174,664,062</u>
<b>Change in net position</b>	<u>36,611,552</u>	<u>-</u>
Net position, beginning of year	<u>524,261,020</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 560,872,572</u>	<u>\$ -</u>

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2025

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,621,986	\$ 3,487,496	\$ 2,351	\$ 129,184	\$ 5,241,017
Receivables	-	68,083	-	-	68,083
Other assets	338,659	-	-	-	338,659
Capital assets not being depreciated	-	1,212,203	-	-	1,212,203
Capital assets being depreciated, net	-	5,157,290	-	-	5,157,290
<b>Total assets</b>	<b>1,960,645</b>	<b>9,925,072</b>	<b>2,351</b>	<b>129,184</b>	<b>12,017,252</b>
<b>Liabilities</b>					
Accounts payable	-	94,309	-	-	94,309
Cash bonds and deposits	-	53,520	-	-	53,520
Unearned revenue	-	60,452	-	-	60,452
<b>Total liabilities</b>	<b>-</b>	<b>208,281</b>	<b>-</b>	<b>-</b>	<b>208,281</b>
<b>Net position</b>					
Investment in capital assets	-	6,369,493	-	-	6,369,493
Unrestricted	1,960,645	3,347,298	2,351	129,184	5,439,478
<b>Total net position</b>	<b>\$ 1,960,645</b>	<b>\$ 9,716,791</b>	<b>\$ 2,351</b>	<b>\$ 129,184</b>	<b>\$ 11,808,971</b>

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Combining Statement of Activities

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

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Total
<b>Expenses</b>					
Corridor Improvement Authority	\$ 67,508	\$ -	\$ -	\$ -	\$ 67,508
Local Development Finance Authority	-	2,555,863	-	-	2,555,863
Brownfield Redevelopment Authority	-	-	-	768,812	768,812
<b>Total expenses</b>	<b>67,508</b>	<b>2,555,863</b>	<b>-</b>	<b>768,812</b>	<b>3,392,183</b>
<b>Program revenues</b>					
Operating grants and contributions	-	1,313,939	-	-	1,313,939
Net expense	(67,508)	(1,241,924)	-	(768,812)	(2,078,244)
<b>General revenues</b>					
Property taxes	353,238	1,898,536	-	768,812	3,020,586
Unrestricted investment earnings	70,299	162,210	102	33,425	266,036
Other revenue	-	442,552	-	50,000	492,552
<b>Total general revenues</b>	<b>423,537</b>	<b>2,503,298</b>	<b>102</b>	<b>852,237</b>	<b>3,779,174</b>
<b>Change in net position</b>	<b>356,029</b>	<b>1,261,374</b>	<b>102</b>	<b>83,425</b>	<b>1,700,930</b>
Net position, beginning of year	1,604,616	8,455,417	2,249	45,759	10,108,041
<b>Net position, end of year</b>	<b>\$ 1,960,645</b>	<b>\$ 9,716,791</b>	<b>\$ 2,351</b>	<b>\$ 129,184</b>	<b>\$ 11,808,971</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Reporting Entity**

The City is governed by an elected seven-member council. The accompanying basic financial statements have been prepared in accordance with criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement Nos. 61 and 80, for determining the various governmental organizations to be included in the reporting entity. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City, although the City has the ability to impose its will over the entities.

#### ***Blended Component Unit***

The Sterling Heights Building Authority (the "Building Authority") is governed by a board appointed by the City's governing body. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The Building Authority had no activity during the current fiscal year.

#### ***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.

*Corridor Improvement Authority.* The Corridor Improvement Authority (the "CI Authority") was created to encourage revitalization and redevelopment of commercial properties that have been developed along the City's major arterial roadways. The CI Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the CI Authority.

*Local Development Finance Authority.* The Local Development Finance Authority (the "LDF Authority") was created to encourage development, prevent conditions of unemployment, and promote economic growth. The LDF Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the LDF Authority.

*Economic Development Corporation.* The Economic Development Corporation (the "Corporation") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services to and facilities of such enterprises to the residents of the City. The Corporation's governing body, which consists of five individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the Corporation.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

*Brownfield Redevelopment Authority.* The Brownfield Redevelopment Authority (the "BR Authority") was created to provide means and methods to encourage revitalization and redevelopment of brownfields, which are abandoned, undeveloped, or underutilized properties not being developed or fully utilized due to environmental contamination. The BR Authority's governing body, which consists of nine individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the BR Authority.

### ***Fiduciary Component Units***

*General Employees' Retirement System.* The General Employees' Retirement System (the "GERS") is governed by a five-member board that includes the city treasurer, the city finance director, one member appointed by the City, and two members elected by plan participants. Although GERS is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority of the board and GERS imposes a financial burden on the City.

*Police and Fire Retirement System.* The Police and Fire Retirement System (the "PFRS") is governed by a five-member board that includes the city treasurer, two members appointed by the City, and two members elected by plan participants. Although PFRS is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority of the board and PFRS imposes a financial burden on the City.

*Retiree Medical Benefits Plan.* The Retiree Medical Benefits Plan (the "Plan") is administered by the City. Management of the plan is vested in a three-member investment committee that includes the city treasurer, the city finance director, and the city clerk. Although the Plan is legally separate from the City, it is reported as a fiduciary component unit because the City acts as the governing body over the Plan and the Plan imposes a financial burden on the City.

### ***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.

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.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to 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 City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period or within one year for reimbursement basis 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, 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 City.

The City reports the following funds as major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

The City reports the following fund as a major enterprise fund:

The *Water and Sewer Fund* provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

Additionally, the City reports the following fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

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

The *capital projects funds* are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new property, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

The *internal service fund* is used to allocate insurance costs to the various funds on a full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

The *Tax Receiving custodial fund* collects taxes on behalf of all the taxing authorities (state, county, school district, and various others) and remits the taxes to each authority.

The *District Court custodial fund* accounts for assets held by the City as an agent for individuals, organizations, and other governments.

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 City's water and sewer function and various other functions of the City. 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 City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

### *Cash and Cash Equivalents*

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

### *Due To/From Other Funds*

During the course of its operations, the City has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year-end, balances of interfund accounts receivable or payable have been recorded.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *Other Assets*

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

### *Restricted Assets*

The Water and Sewer Fund and the General Improvements Capital Project Fund have restricted assets consisting of amounts on deposit at external governments being held for construction, maintenance, or debt service. The Water and Sewer Fund restricted assets are held by Oakland County, Michigan in a construction fund maintained on behalf of the City for improvements to the Oakland-Macomb Interceptor Drainage District. The General Improvements Fund restricted assets are held by Macomb County, Michigan in construction and debt retirement funds maintained on behalf of the City by the Macomb County Department of Public Works for drain construction projects of the City. Additionally, the American Rescue Plan Act Fund has restricted assets that may only be used on allowable grant-specific expenditures.

### *Leases*

The City is a lessor for a noncancelable lease of land for the use of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide 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 \$75,000 or more.

# CITY OF STERLING HEIGHTS, 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.

### ***Capital Assets and Depreciation***

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

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

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

	Years
Buildings	50
Building Improvements	25
Land improvements	10-30
Equipment	5-20
Furnishings and fixtures	10-15
Infrastructure	20-40
Water and sewer mains	50

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *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 represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pension and other postemployment benefit liabilities 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, four types of leave qualify for liability recognition for compensated absences – vacation, sick leave, paid time off, and compensated time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

### *Long-term Obligations*

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses.

### *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 represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its pension and other postemployment benefit liabilities. 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. Additionally, the City reports a deferred benefit on refunding 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. Finally, the statements of net position and governmental funds balance sheet report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *Fund Balance*

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 City Council (the City's highest level of decision-making authority). 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 City's intent to be used for specific purposes, but are neither restricted nor committed. The honorable mayor and members of the City Council may assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unassigned fund balance is the residual classification for the General Fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

### *Designated Net Position*

The Water and Sewer enterprise fund has \$2,540,000 designated net position included in unrestricted net position that is designated for capital improvements.

### *Property Tax Revenue*

Property taxes are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year. These taxes are due on September 1, after which time the taxes are considered delinquent, and penalties and interest are assessed. The final collection date is February 28 before taxes are returned delinquent to the county treasurer.

The 2025 taxable valuation of the City totaled \$5,757,533,979, on which taxes levied consisted of 9.4940 mills for operating purposes, 1.3558 mills for refuse collection, 2.4435 mills for police and fire pension, 2.3694 mills for safe streets, and 0.9196 mills for parks and recreation. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

### *Pension and Other Postemployment Benefits (OPEB)*

For purposes of measuring the net pension liability, net other postemployment benefit liability, 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.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *Use of Estimates*

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

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### **Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The City adopts its budget by budgetary center, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

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

- 1) Prior to April 1, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is conducted to obtain taxpayer comments.
- 3) Prior to May 10, the budget is legally adopted by the City Council through the adoption of the appropriation ordinance.
- 4) The City Manager is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budget center (activity) must be approved by the City Council.

Budgeted amounts of the revenue and expenditures are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted. Budget appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with actual revenue and expenditures, including budget variances, are presented.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

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

For the year ended June 30, 2025, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditures	Budget Variance
<b>General Fund:</b>			
General government:			
City administration	\$ 227,452	\$ 340,369	\$ 112,917
Finance/accounting/budget department	4,351,751	4,488,914	137,163
Building and grounds	2,687,359	2,701,499	14,140
Public safety:			
Police	43,442,030	43,475,784	33,754
Fire	27,727,810	27,829,494	101,684
Capital outlay	232,000	1,726,288	1,494,288
Indigent Defense Fund			
41A District court	679,000	708,181	29,181

The overage from the capital outlay expenditures were a result of recognizing subscription-based IT arrangements during the year.

The Clinton River Restoration Fund did not have a budget during the year, nor was there any current year activity.

### ***Construction Code Fees***

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

Cumulative shortfall at July 1, 2024	<u>\$ (12,847,059)</u>
Current year permit revenue	2,351,634
Less: related expenses	<u>(3,906,746)</u>
Current year shortfall	<u>(1,555,112)</u>
Cumulative shortfall at June 30, 2025	<u>\$ (14,402,171)</u>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

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

The investment policy adopted by the City Council in accordance with the Public Act 20 of 1948, as amended, authorizes investments in U.S. Treasurys, U.S. agencies and instrumentalities (date-specific maturities only), nonnegotiable certificates of deposit, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512.

For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

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

The City has designated one bank for the deposit of its cash. Other cash equivalents are held at this and several other institutions. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The City's investments comply with all required laws and regulations.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at net asset value.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

At year-end the City's deposits and investments were reported in the basic financial statements in the following categories:

	Primary Government	Component Units	Total
<b>Statement of net position:</b>			
Cash and cash equivalents	\$ 66,750,719	\$ 5,241,017	\$ 71,991,736
Investments	53,160,588	-	53,160,588
Restricted assets	15,486,456	-	15,486,456
<b>Statement of fiduciary net position:</b>			
Cash and cash equivalents	12,834,264	-	12,834,264
Investments	550,533,051	-	550,533,051
	<u>\$ 698,765,078</u>	<u>\$ 5,241,017</u>	<u>\$ 704,006,095</u>

#### Deposits and investments

Bank deposits (checking and savings accounts, certificates of deposit, money market accounts)	\$ 83,761,802
Portfolio cash and cash equivalents	8,851,077
Investments:	
City investment pool	46,973,952
General Employees' Retirement System	109,555,458
Police and Fire Retirement System	256,610,597
Retiree Medical Benefits	184,366,996
Restricted cash held with Oakland County	12,581,123
Restricted cash held with Macomb County	1,287,250
Cash on hand	17,840
<b>Total</b>	<u>\$ 704,006,095</u>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

*Interest Rate Risk.* Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have 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. The City's weighted average maturity dates for fixed-income investments are disclosed below:

At year end, the City had the following fixed-income investments:

Investment	Fair Value	Weighted Average Maturity (Years)
<i>City investment pool:</i>		
U.S. treasuries	\$ 2,510,250	4.10
U.S. government agencies	39,160,715	1.50
Municipal bonds	3,677,333	4.25
Michigan CLASS investment pool	1,625,654	N/A
<i>General Employees' Retirement System:</i>		
U.S. treasuries	4,064,082	6.30
U.S. government agencies	5,306,194	5.97
Corporate bonds	6,370,482	5.66
<i>Police and Fire Retirement System:</i>		
U.S. treasuries	7,350,197	9.61
U.S. government agencies	13,657,775	8.24
Corporate bonds	11,350,385	5.81
Municipal bonds	96,183	11.07
<i>Retiree Medical Benefits:</i>		
U.S. treasuries	6,317,084	6.49
U.S. government agencies	7,752,865	5.98
Corporate bonds	9,596,526	5.99

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of June 30, 2025, \$84,553,659 of the City's bank balance of \$85,803,659 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* As of June 30, 2025, the City's investments consisted of equities, mutual funds, government obligations and other assets. 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 STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

**Credit Risk.** In compliance with state law, the City's investment policy limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
<i>City investment pool:</i>			
U.S. treasuries	\$ 2,510,250	AA+	S&P
U.S. government agencies	39,160,715	AA+	S&P
Municipal bonds	3,677,333	AA-	S&P
Michigan CLASS investment pool	1,625,654	AAA	S&P
<i>General Employees' Retirement System:</i>			
U.S. treasuries	4,064,082	AA+	S&P
U.S. government agencies	5,306,194	AA+	S&P
Corporate bonds	41,076	Aaa	Moody's
Corporate bonds	196,566	AA+ to AA-	S&P
Corporate bonds	1,196,257	A+ to A-	S&P
Corporate bonds	3,629,054	BBB+ to BBB-	S&P
Corporate bonds	130,354	Baa2	Moody's
Corporate bonds	1,177,175	BB+ to BB-	S&P
<i>Police and Fire Retirement System:</i>			
U.S. treasuries	7,350,197	AA+	S&P
U.S. government agencies	13,657,775	AA+	S&P
Corporate bonds	508,927	AAA	S&P
Corporate bonds	598,919	Aaa	Moody's
Corporate bonds	563,620	AA+ to AA-	S&P
Corporate bonds	93,156	Aa2	Moody's
Corporate bonds	3,081,174	A+ to A-	S&P
Corporate bonds	41,944	A2	Moody's
Corporate bonds	4,497,883	BBB+ to BBB-	S&P
Corporate bonds	431,712	BB+ to BB-	S&P
Corporate bonds	331,997	B+ to B-	S&P
Corporate bonds	4,871	Ba1	Moody's
Corporate bonds	10,391	B2	Moody's
Corporate bonds	313,041	CCC to CCC+	S&P
Corporate bonds	70,018	Caa1	Moody's
Corporate bonds	93,614	Caa2	Moody's
Corporate bonds	4,720	CC	S&P
Corporate bonds	9,036	C	S&P
Corporate bonds	695,362	Not Rated	N/A
Municipal bonds	96,183	AA+ to AA	S&P
<i>Retiree Medical Benefits:</i>			
U.S. treasuries	6,317,084	AA+	S&P
U.S. government agencies	7,752,865	AA+	S&P
Corporate bonds	66,177	AAA	S&P
Corporate bonds	273,645	AA+ to AA-	S&P
Corporate bonds	1,704,297	A+ to A-	S&P
Corporate bonds	5,494,543	BBB+ to BBB-	S&P
Corporate bonds	205,558	Baa2	Moody's
Corporate bonds	1,852,306	BB+ to BB-	S&P

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy places a 15 percent limit on the amount it may invest in any one issuer. No issuer held greater than 15 percent of investments as of June 30, 2025.

*Foreign Currency Risk.* Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system restricts the amount of investments in foreign currency-denominated investments to 5 percent of total pension system investments. No investments exceed 5 percent of total pension system investments as of June 30, 2025.

Both pension systems include exposure to the international asset class in order to increase diversification and reduce risk. The investments held by the General Employees' Retirement System and Police and Fire Retirement System are protected from foreign currency risk through the use of American Depository Receipts (ADRs).

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

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

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Debt securities are valued by the Plans' investment custodian using independent pricing services based on the type of asset. The pricing services may use valuation models or matrix pricing, which consider: (a) benchmark yields, (b) reported trades, (c) broker/dealer quotes, (d) benchmark securities, (e) bids or offers, and (f) reference data. Asset-backed and mortgage-backed securities funds are valued based on the future cash flows of the principal and interest payments of the underlying collateral of mortgages on various assets.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

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

	Level 1	Level 2	Level 3	Total
<i>City investment pool:</i>				
U.S. treasuries	\$ -	\$ 2,510,250	\$ -	\$ 2,510,250
U.S. government agencies	-	39,160,715	-	39,160,715
Municipal bonds	-	3,677,333	-	3,677,333
<i>General Employees' Retirement System:</i>				
Equities	70,186,194	-	-	70,186,194
Private real estate	-	8,305,428	-	8,305,428
U.S. treasuries	-	4,064,082	-	4,064,082
U.S. government agencies	-	5,306,194	-	5,306,194
Corporate bonds	-	6,370,482	-	6,370,482
<i>Police and Fire Retirement System:</i>				
Equities	153,834,222	-	-	153,834,222
Private real estate	-	24,238,080	-	24,238,080
U.S. treasuries	-	7,350,197	-	7,350,197
U.S. government agencies	-	13,657,775	-	13,657,775
Corporate bonds	-	11,350,385	-	11,350,385
Municipal bonds	-	96,183	-	96,183
<i>Retiree Medical Benefits:</i>				
Equities	126,414,626	-	-	126,414,626
Private real estate	-	13,902,872	-	13,902,872
U.S. treasuries	-	6,317,084	-	6,317,084
U.S. government agencies	-	7,752,865	-	7,752,865
Corporate bonds	-	9,596,526	-	9,596,526
<b>Total investments at fair value</b>	<b>\$ 350,435,042</b>	<b>\$ 163,656,451</b>	<b>\$ -</b>	<b>\$ 514,091,493</b>

### Investments measured at NAV

#### *City investment pool-*

Michigan CLASS investment pool 1,625,654

#### *General Employees' Retirement System:*

Mutual funds - ALLSPRING 4,701,091

Mutual funds - other 8,763,280

Hedge funds 1,858,707

#### *Police and Fire Retirement System:*

Mutual funds - ALLSPRING 11,620,565

Mutual funds - other 30,420,503

Hedge funds 4,042,687

#### *Retiree Medical Benefits:*

Mutual funds - ALLSPRING 6,338,453

Mutual funds - other 11,581,784

Hedge funds 2,462,786

### Total investments measured at NAV

**83,415,510**

### Total investments

**\$ 597,507,003**

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

*Investments that Calculate Net Asset Value per Share.* The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

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

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS investment pool	\$ 1,625,654	\$ -	N/A	None
Hedge funds	8,364,180	-	Quarterly	45-95 days
Mutual funds:				
Allspring	22,660,109	-	N/A	None
Other	<u>50,765,567</u>	<u>-</u>	<u>N/A</u>	<u>None</u>
Total	<u>\$ 83,415,510</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated '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 Allspring Funds Management series mutual funds are open-ended funds whose objective is total return consisting of capital appreciation and income, consistent with prudent investment management. The funds invest primarily in a combination of U.S. dollar-denominated and non-U.S. dollar investment-grade debt obligations of both U.S. and non-U.S. issuers.

The hedge funds include investments in SEG Partners. SEG Partners' investment objective is to achieve maximum total return by primarily investing in equity securities.

Other mutual funds are also held by multiple equity managers as a temporary investment vehicle for cash prior to entrance into the equity market.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

#### 4. RECEIVABLES AND UNAVAILABLE REVENUE

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Special assessments	\$ 436,073	\$ -	\$ -
Accounts	1,294,099	11,444,991	68,083
Accrued interest	539,334	60,050	-
Leases	1,526,490	-	-
Due from other government units	6,564,118	-	-
Opioid settlement	3,802,078	-	-
Loans	1,226,344	-	-
	<hr/>	<hr/>	<hr/>
	\$ 15,388,536	\$ 11,505,041	\$ 68,083

Of the amounts reported for receivables above the following amounts are not expected to be collected within one year:

Governmental Activities
Special assessments
Leases
Opioid settlement
Loans
<hr/>
\$ 6,287,783

The City utilizes Community Development Block Grant funds to provide housing rehabilitation loans to eligible applicants. Such loans are made to low- and moderate-income persons to improve or rehabilitate residences. The City accounts for this program in the Community Development Block Grant special revenue fund. Loans receivable of \$1,226,344 at June 30, 2025 have been reflected in the accompanying fund financial statements as rehabilitation loans receivable, with an offsetting unearned revenue for the recording of related grant funding.

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

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

<b>Governmental Funds</b>	
State-shared revenue - Unavailable	\$ 2,691,633
Special assessments - Unavailable	299,661
Opioid settlement - Unavailable	3,802,078
Other revenue - Unavailable	<u>391,619</u>
	<u><u>\$ 7,184,991</u></u>

## 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, was as follows:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
General fund	\$ 57,860	\$ -
Nonmajor governmental funds	<u>-</u>	<u>57,860</u>
	<u><u>\$ 57,860</u></u>	<u><u>\$ 57,860</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. All interfund balances are expected to be collected within one year.

Interfund transfers between the funds within the primary government were as follows:

	<b>Transfers In</b>
	<b>Nonmajor Governmental Funds</b>
<b>Transfers Out</b>	
General fund	\$ 17,010,500
Nonmajor governmental funds	<u>4,800,000</u>
	<u><u>\$ 21,810,500</u></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.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

During the year, the transfers from the General Fund to the nonmajor governmental funds represent unrestricted resources for operations and capital projects, restricted resources for debt service payments, and repair and replacement of roads. The transfers between the nonmajor governmental funds represent restricted resources for debt service payments.

### 6. CAPITAL ASSETS

#### Primary Government

Capital asset activity of the City's primary government was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 47,284,201	\$ -	\$ -	\$ -	\$ 47,284,201
Construction in progress	72,773,026	26,828,001	-	(18,765,138)	80,835,889
Works of art	623,047	3,065	-	-	626,112
	<u>120,680,274</u>	<u>26,831,066</u>	<u>-</u>	<u>(18,765,138)</u>	<u>128,746,202</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	112,444,237	764,203	(188,651)	359,521	113,379,310
Land improvements	53,298,139	316,360	(123,649)	83,223	53,574,073
Equipment	51,600,017	3,392,364	(4,187,806)	6,725	50,811,300
Furnishings and fixtures	3,654,661	13,279	(26,654)	-	3,641,286
Infrastructure	361,111,052	57,267	-	18,315,669	379,483,988
Subscription assets (Note 8)	-	1,494,511	-	-	1,494,511
	<u>582,108,106</u>	<u>6,037,984</u>	<u>(4,526,760)</u>	<u>18,765,138</u>	<u>602,384,468</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(32,178,853)	(3,769,304)	97,595	-	(35,850,562)
Land improvements	(12,883,837)	(1,766,349)	73,299	-	(14,576,887)
Equipment	(33,640,845)	(3,886,525)	3,960,396	-	(33,566,974)
Furnishings and fixtures	(1,415,911)	(198,758)	26,649	-	(1,588,020)
Infrastructure	(234,099,205)	(8,839,705)	-	-	(242,938,910)
Subscription assets (Note 8)	-	(280,145)	-	-	(280,145)
	<u>(314,218,651)</u>	<u>(18,740,786)</u>	<u>4,157,939</u>	<u>-</u>	<u>(328,801,498)</u>
Total capital assets being depreciated/amortized, net	<u>267,889,455</u>	<u>(12,702,802)</u>	<u>(368,821)</u>	<u>18,765,138</u>	<u>273,582,970</u>
<b>Governmental activities capital assets, net</b>	<b>\$ 388,569,729</b>	<b>\$ 14,128,264</b>	<b>\$ (368,821)</b>	<b>\$ -</b>	<b>\$ 402,329,172</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 64,871	\$ -	\$ -	\$ -	\$ 64,871
Construction in progress	29,865,732	8,504,406	-	(34,307)	38,335,831
	<u>29,930,603</u>	<u>8,504,406</u>	<u>-</u>	<u>(34,307)</u>	<u>38,400,702</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	362,373	-	-	-	362,373
Equipment	19,360,820	991,637	(360,109)	34,307	20,026,655
Water and sewer lines	342,678,296	18,330	-	-	342,696,626
Subscription assets (Note 8)	-	377,872	-	-	377,872
	<u>362,401,489</u>	<u>1,387,839</u>	<u>(360,109)</u>	<u>34,307</u>	<u>363,463,526</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(141,994)	(9,116)	-	-	(151,110)
Equipment	(7,109,308)	(1,298,288)	360,109	-	(8,047,487)
Water and sewer lines	(177,329,618)	(5,827,849)	-	-	(183,157,467)
Subscription assets (Note 8)	-	(154,779)	-	-	(154,779)
	<u>(184,580,920)</u>	<u>(7,290,032)</u>	<u>360,109</u>	<u>-</u>	<u>(191,510,843)</u>
Total capital assets being depreciated/amortized, net					
	<u>177,820,569</u>	<u>(5,902,193)</u>	<u>-</u>	<u>34,307</u>	<u>171,952,683</u>
<b>Business-type activities</b>					
<b>capital assets, net</b>	<b>\$ 207,751,172</b>	<b>\$ 2,602,213</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 210,353,385</b>

Construction in progress includes \$29,238,674 of drain improvements constructed by the Oakland-Macomb Interceptor Drainage District (OMID), which represents the City's in-progress portion of total OMID improvements in the amount of \$420,850,942. These improvements will be completed by OMID using state revolving loan funds; state stormwater, asset management, and wastewater loan (SAW); and bonded debt.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

Capital asset activity for the City's Local Development Finance Authority for the year ended June 30, 2025 was as follows:

#### Discretely presented component unit - Local Development Finance Authority

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Component Unit - LDFA</b>					
Capital assets, not being depreciated:					
Land	\$ 1,209,203	\$ -	\$ -	\$ -	\$ 1,209,203
Construction in progress	6,388	-	-	(6,388)	-
Works of art	3,000	-	-	-	3,000
	<u>1,218,591</u>	<u>-</u>	<u>-</u>	<u>(6,388)</u>	<u>1,212,203</u>
Capital assets, being depreciated:					
Buildings and improvements	5,430,874	59,955	-	6,388	5,497,217
Roads	823,975	-	-	-	823,975
Equipment	443,636	-	-	-	443,636
	<u>6,698,485</u>	<u>59,955</u>	<u>-</u>	<u>6,388</u>	<u>6,764,828</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,161,822)	(205,190)	-	-	(1,367,012)
Roads	(10,300)	(20,599)	-	-	(30,899)
Equipment	(158,708)	(50,919)	-	-	(209,627)
	<u>(1,330,830)</u>	<u>(276,708)</u>	<u>-</u>	<u>-</u>	<u>(1,607,538)</u>
Total capital assets being depreciated, net	<u>5,367,655</u>	<u>(216,753)</u>	<u>-</u>	<u>6,388</u>	<u>5,157,290</u>
<b>Component unit - LDFA capital assets, net</b>	<b>\$ 6,586,246</b>	<b>\$ (216,753)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,369,493</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

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

#### Depreciation/amortization of governmental activities

General government	\$ 1,541,869
41A District Court	214,021
Public safety	2,901,977
Public works	10,896,743
Recreation and culture	<u>3,186,176</u>

#### Total depreciation/amortization expense - governmental activities

\$ 18,740,786

#### Depreciation/amortization of business-type activities

Water and sewer	<u>\$ 7,290,032</u>
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#### Depreciation of component unit activities

Local Development Finance Authority	<u>\$ 276,708</u>
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### Construction Commitments

The City has active construction projects at year end. The projects are related to road repair, replacement and construction programs, and other capital improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Governmental activities	\$ 69,056,362	\$ 16,928,675
Business-type activities	<u>8,718,302</u>	<u>1,064,242</u>
Total construction and other contracts	<u>\$ 77,774,664</u>	<u>\$ 17,992,917</u>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

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

Bonds, notes and other long-term liabilities activity for the fiscal year was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 107,756,000	\$ -	\$ (7,305,000)	\$ 100,451,000	\$ 7,586,000
Subscription liability (Note 8)	-	1,494,511	(263,167)	1,231,344	276,930
Unamortized premium	5,477,196	-	(794,174)	4,683,022	845,107
Compensated absences*	8,067,794	212,530	-	8,280,324	3,654,595
<b>Total governmental activities</b>	<b>\$ 121,300,990</b>	<b>\$ 1,707,041</b>	<b>\$ (8,362,341)</b>	<b>\$ 114,645,690</b>	<b>\$ 12,362,632</b>
<b>Business-type Activities</b>					
Direct borrowings and direct placements	\$ 91,379,910	\$ 2,245,900	\$ (5,359,101)	\$ 88,266,709	\$ 4,928,851
Subscription liability (Note 8)	-	377,872	(169,003)	208,869	177,279
Unamortized premium	6,894,527	133,747	(536,075)	6,492,199	536,075
Compensated absences*	361,404	93,743	-	455,147	215,157
<b>Total business-type activities</b>	<b>\$ 98,635,841</b>	<b>\$ 2,851,262</b>	<b>\$ (6,064,179)</b>	<b>\$ 95,422,924</b>	<b>\$ 5,857,362</b>

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

#### Governmental activities - bonds payable

2008 Special Assessment Limited Tax Bonds; \$3,260,000 at issuance; payable in annual installments of \$100,000 to \$200,000; interest payable semi-annually at 3.50 to 4.50% through July 2028	\$ 800,000
2016 Michigan Transportation Fund Bonds; \$9,630,000 at issuance; payable in annual installments of \$520,000 to \$785,000; interest payable semi-annually at 2.00 to 3.00% through April 2031	4,370,000
2017 Capital Improvement Bonds; \$42,135,000 at issuance; payable in annual installments of \$1,390,000 to \$2,905,000; interest payable semi-annually at 3.00 to 5.00% through April 2037	29,230,000
2017 Michigan Transportation Fund Bonds; \$2,075,000 at issuance; payable in annual installments of \$110,000 to \$175,000; interest payable semi-annually at 2.00 to 3.00% through April 2032	1,100,000
2018 Capital Improvement Bonds; \$19,390,000 at issuance; payable in annual installments of \$640,000 to \$1,330,000; interest payable semi-annually at 3.00 to 5.00% through April 2038	14,305,000
2018 Michigan Transportation Fund Bonds; \$8,200,000 at issuance; payable in annual installments of \$470,000 to \$655,000; interest payable semi-annually at 2.63 to 5.00% through April 2033	4,735,000
2019 Capital Improvement Bonds; \$22,840,000 at issuance; payable in annual installments of \$775,000 to \$1,530,000; interest payable semi-annually at 3.00 to 5.00% through April 2039	17,730,000
2020 Michigan Transportation Refunding Bonds; \$973,000 at issuance; payable in annual installments of \$163,000 to \$209,000; interest payable semi-annually at 1.08% through October 2025	196,000
2021 Michigan Transportation Fund Bonds; \$18,000,000 at issuance; payable in annual installments of \$1,040,000 to \$1,375,000; interest payable semi-annually at 2.00% through April 2036	13,710,000
2022 Michigan Transportation Fund Bonds; \$16,850,000 at issuance; payable in annual installments of \$825,000 to \$1,470,000; interest payable semi-annually at 3.38 to 5.00% through April 2037	14,275,000
<b>Total governmental activities</b>	<b><u>\$ 100,451,000</u></b>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### Business-type activities - direct bonds and direct placements

#### State Revolving Fund Loans (Michigan Municipal Finance Authority)

Special assessment Roll No. 1 Series 2010A (Segment 1 - ARRA funding); \$4,299,957 at issuance; payable in annual installments of \$167,539 to \$269,613; interest payable semi-annually at 2.50% through April 2031	\$ 1,522,036
Special assessment Roll No. 1 Series 2011A (Segment 2); \$5,168,777 at issuance; payable in annual installments of \$202,457 to \$322,922; interest payable semi-annually at 2.50% through October 2033	2,642,090
Special assessment Roll No. 1 Series 2013A (Segment 3); \$11,278,994 at issuance; payable in annual installments of \$502,135 to \$676,151; interest payable semi-annually at 2.00% through October 2034	6,196,173
Special assessment Roll No. 1 Series 2015A (MIDD Project #5624-01); \$1,151,536 at issuance; payable in annual installments of \$45,435 to \$72,059; interest payable semi-annually at 2.50% through October 2034	514,645
2015 Oakland-Macomb Interceptor Drainage District SAW Loan; \$3,298,735 at issuance; payable in annual installments of \$128,219 to \$207,871; interest payable semi-annually at 2.50% through April 2036	2,014,608
<b>County drain contractual obligations</b>	
2010 North Gratiot Interceptor Drainage District; \$252,751 at issuance, payable in annual installments of \$4,842 to \$14,526; interest payable semi-annually at 4.35 to 6.35% through April 2035	125,222
2014A Sewer Lining Repairs; \$1,649,117 at issuance, payable in annual installments of \$63,822 to \$108,270; interest payable semi-annually at 2.00 to 3.13% through October 2034	940,236
2015 North Gratiot Interceptor Drainage District Refunding Bonds; \$2,067,205 at issuance, payable in annual installments of \$85,170 to \$136,881; interest payable semi-annually at 3.75 to 5.00% through May 2033	1,070,103
2017A MID Drainage District; \$19,085,935 at issuance, payable in annual installments of \$353,972 to \$1,261,919; interest payable semi-annually at 3.00 to 5.00% through May 2042	15,252,556
2017A MID Drainage District Refunding; \$18,532,248 at issuance, payable in annual installments of \$783,998 to \$1,492,530; interest payable semi-annually at 3.00 to 5.00% through May 2035	12,144,275

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

2019 OMID Drainage District Refunding; \$743,703 at issuance, payable in annual installments of \$45,348 to \$82,451; interest payable semi-annually at 1.85% through April 2030	\$ 382,571
2019 OMID Drainage District Bonds; \$2,502,606 at issuance, payable in annual installments of \$230,788 to \$1,060,181; interest payable semi-annually at 1.55% through October 2025	242,808
2020 MID Drainage District Refunding (Clinton Pump Station); \$4,942,287 at issuance, payable in annual installments of \$336,206 to \$600,375; interest payable semi-annually at 5.00% through May 2031	3,065,915
2020A Oakland-Macomb Interceptor Drainage District; \$15,432,144 at issuance, payable in annual installments of \$262,979 to \$1,082,934; interest payable semi-annually at 2.00 to 5.00% through July 2040	13,550,835
2020B Oakland-Macomb Interceptor Drainage District; \$3,165,350 at issuance, payable in annual installments of \$96,673 to \$232,015; interest payable semi-annually at 4.00% through July 2043	2,966,480
2021 Capital Improvement Bonds; \$15,000,000 at issuance, payable in annual installments of \$615,000 to \$900,000; interest payable semi-annually at 2.00 to 2.13% through April 2041	12,460,000
2022 Capital Improvement Bonds; \$12,270,000 at issuance, payable in annual installments of \$400,000 to \$875,000; interest payable semi-annually at 3.75 to 5.00% through April 2042	11,005,000
2025 Oakland-Macomb Interceptor Drainage District; \$2,245,900 at issuance, payable in annual installments of \$74,744 to \$163,726; interest payable semi-annually at 4.00 to 5.00% through July 2044	2,171,156
<b>Total business-type activities</b>	<b>\$ 88,266,709</b>

concluded.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Bonds Payable		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 7,586,000	\$ 3,379,043	\$ 4,928,851	\$ 2,870,265
2027	7,690,000	3,066,585	5,696,906	2,998,885
2028	8,000,000	2,751,073	5,937,558	2,772,472
2029	8,295,000	2,459,136	6,170,191	2,535,331
2030	8,385,000	2,158,935	6,416,615	2,289,781
2031-2035	40,775,000	6,846,631	31,205,718	7,734,452
2036-2040	19,720,000	1,190,513	20,121,234	3,383,354
2041-2045	-	-	7,789,636	466,265
	<u>\$ 100,451,000</u>	<u>\$ 21,851,916</u>	<u>\$ 88,266,709</u>	<u>\$ 25,050,805</u>

During 2016, the Macomb Interceptor Drain Drainage District (MIDD Project #5624-01) was approved for \$3,675,000 of loans through the Michigan State Revolving Fund ("SRF") Loan Program, of which approximately \$1,151,500 was anticipated as the City's share. On this loan, \$917,293 of the City's share has been drawn to date, and no further draws are anticipated. The City's share of SRF funds drawn and payable at June 30, 2025 is \$514,645.

During 2020, the Macomb Interceptor Drain Drainage District (Project #5659-03) was approved for \$26,000,000 of loans through the SRF, of which \$8,036,105 was anticipated as the City's share. One disbursement, City's share of \$774,555, has been completed. Since that disbursements, principal and interest payments have been made by the City to cover the obligation. The City currently has no outstanding amount due on this loan, but has available \$7,261,550 to be able to drawn.

**General Obligation Bonds and Contracts.** The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations 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 City. County drain contractual agreements are also general obligations of the City.

**Special Assessment Bonds.** Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in six 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 3.55 percent based on the City's incremental borrowing rate.

Asset Type	Remaining Term of Arrangements	
	Subscription asset	1-5 years

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 7, Bonds, Notes and Other Long-term Liabilities.

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 276,930	\$ 42,714	\$ 177,279	\$ 6,244
2027	258,204	32,847	31,590	281
2028	272,078	23,643	-	-
2029	269,189	13,997	-	-
2030	154,943	5,500	-	-
	<u>\$ 1,231,344</u>	<u>\$ 118,701</u>	<u>\$ 208,869</u>	<u>\$ 6,525</u>

### 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

The City participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool program for claims relating to liability, auto, and property loss. The program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City is self-funded for medical benefits and workers' compensation up to a retention amount at which the City's reinsurance coverage begins.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *Property and Liability*

Prior to participating in the Authority, the City purchased reinsurance through an international insurance brokerage firm.

The City estimates, based on past experience, that \$858,015 will be paid for all claims reported to date and \$268,472 will be paid for claims incurred but not reported. The estimated liability for reported and incurred but not reported claims has been recorded in the self-insurance internal service fund. Changes in the estimated liability for the past two fiscal years are shown in the table below.

### *Medical Claims and Short-term Disability*

As of April 1, 1989, the City became self-insured for Blue Cross/Blue Shield-equivalent health care coverage. Under the program, the City was liable for claims up to a retention amount of \$250,000 per active and retired employee (including dependents) for the contract year ended June 30, 2025. At January 1, 1990, the City became self-insured for short-term disability.

It is estimated, based on past experience, that \$13,050 will be paid for all claims reported to date and \$835,699 will be paid for claims incurred but not reported. This amount and all other transactions with respect to active employee medical and short-term disability claims are reflected in the self-insurance internal service fund. Retired employee medical claims are reflected in the Retiree Medical Benefits Trust. Changes in the estimated liability for the past two fiscal years are shown in the table below.

### *Workers' Compensation*

On July 1, 1992, the City became self-insured for workers' compensation claims. Under the program, the City was liable for the first \$400,000 of any occurrence for the contract year ended June 30, 2025. The City has purchased excess insurance to cover claims greater than \$400,000. At June 30, 2025, it was estimated, based on past experience, that \$378,588 will be paid in total for both claims reported to date and claims incurred but not reported. This estimated liability for claims reported to date has been recorded in the self-insurance internal service fund. Changes in the estimated liability for the past two fiscal years are shown in the table below.

Changes in the reported liability for the past two fiscal years are as follows:

	<b>Property and Liability</b>	<b>Workers' Compensation</b>	<b>Health</b>	<b>Retiree Medical Benefit Trust</b>	<b>Total</b>
Estimated liability, June 30, 2023	\$ 990,715	\$ 144,871	\$ 909,121	\$ 968,293	\$ 3,013,000
Estimated claims incurred	1,141,263	320,870	7,388,821	11,117,813	19,968,767
Claim payments	(817,754)	(211,639)	(7,299,125)	(10,571,438)	(18,899,956)
Estimated liability, June 30, 2024	1,314,224	254,102	998,817	1,514,668	4,081,811
Estimated claims incurred	3,459,412	543,023	6,368,382	10,990,938	21,361,755
Claim payments	(3,647,149)	(418,537)	(6,518,450)	(11,113,876)	(21,698,012)
Estimated liability, June 30, 2025	<u>\$ 1,126,487</u>	<u>\$ 378,588</u>	<u>\$ 848,749</u>	<u>\$ 1,391,730</u>	<u>\$ 3,745,554</u>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 10. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

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

	Plan Net Position			
	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,715,189	\$ 5,488,776	\$ 4,626,777	\$ 12,830,742
Investments:				
Municipal bonds	-	96,183	-	96,183
Government securities	9,370,276	21,007,972	14,069,949	44,448,197
Mutual funds	13,464,371	42,041,068	17,920,237	73,425,676
Common and preferred stock	70,186,194	153,834,222	126,414,626	350,435,042
Corporate bonds	6,370,482	11,350,385	9,596,526	27,317,393
Private real estate	8,305,428	24,238,080	13,902,872	46,446,380
Hedge funds	1,858,707	4,042,687	2,462,786	8,364,180
Receivables	70,390	-	31,085	101,475
<b>Total assets</b>	<b>112,341,037</b>	<b>262,099,373</b>	<b>189,024,858</b>	<b>563,465,268</b>
<b>Liabilities</b>				
Accounts payable	122,521	403,708	500,699	1,026,928
Accrued and other liabilities	-	-	174,038	174,038
Provisions for claims	-	-	1,391,730	1,391,730
<b>Total liabilities</b>	<b>122,521</b>	<b>403,708</b>	<b>2,066,467</b>	<b>2,592,696</b>
<b>Net position</b>				
Restricted for:				
Pension benefits	112,218,516	261,695,665	-	373,914,181
Other postemployment benefits	-	-	186,958,391	186,958,391
<b>Total net position</b>	<b>\$ 112,218,516</b>	<b>\$ 261,695,665</b>	<b>\$ 186,958,391</b>	<b>\$ 560,872,572</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

	Changes in Plan Net Position			
	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
<b>Additions</b>				
Contributions:				
Employer	\$ 4,486,600	\$ 14,765,699	\$ 7,166,400	\$ 26,418,699
Plan members	416,957	3,045,985	356,231	3,819,173
Employee service purchases	-	182,216	-	182,216
Other	740	-	-	740
<b>Total contributions</b>	<b>4,904,297</b>	<b>17,993,900</b>	<b>7,522,631</b>	<b>30,420,828</b>
Investment earnings:				
Net change in fair value of investments	8,616,524	21,189,348	15,938,721	45,744,593
Interest	37,377	237,620	21,390	296,387
Dividends	3,302,948	6,579,411	5,356,682	15,239,041
Total investment income	11,956,849	28,006,379	21,316,793	61,280,021
Less: investment expense	(609,349)	(1,567,928)	(995,822)	(3,173,099)
<b>Net investment income</b>	<b>11,347,500</b>	<b>26,438,451</b>	<b>20,320,971</b>	<b>58,106,922</b>
<b>Total additions</b>	<b>16,251,797</b>	<b>44,432,351</b>	<b>27,843,602</b>	<b>88,527,750</b>
<b>Deductions</b>				
Benefit payments	11,514,203	27,387,292	11,290,761	50,192,256
Refund of contributions	121,551	1,480,468	-	1,602,019
Administrative expenses	-	121,923	-	121,923
<b>Total deductions</b>	<b>11,635,754</b>	<b>28,989,683</b>	<b>11,290,761</b>	<b>51,916,198</b>
<b>Change in net position</b>	<b>4,616,043</b>	<b>15,442,668</b>	<b>16,552,841</b>	<b>36,611,552</b>
Net position, beginning of year	107,602,473	246,252,997	170,405,550	524,261,020
<b>Net position, end of year</b>	<b>\$ 112,218,516</b>	<b>\$ 261,695,665</b>	<b>\$ 186,958,391</b>	<b>\$ 560,872,572</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 11. PENSION PLANS

#### *Plan Description*

The City provides retirement benefits to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the General Employees' Retirement System ("GERS"), a single-employer plan administered by the General Employees' Pension Board, and Police and Fire Retirement System ("PFRS"), a single-employer plan administered by the Police and Fire Pension Board.

#### General Employees' Retirement System

GERS provides pensions for certain active permanent full-time general employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan is closed to new members.

Management of GERS is vested in the pension board, which consists of five members: two elected by plan members, one appointed by the City, the city treasurer, and the city finance director, who serves as an ex officio member.

#### Police and Fire Retirement System

PFRS provides pensions for all permanent full-time public safety employees of the City. Benefit terms under Act 345 have been established by contractual agreements between the City and the various employee union representation, and amendments are subject to the same process.

Management of PFRS is vested in the pension board, which consists of five members: two elected by plan members, two appointed by the City, and the city treasurer, who serves as an ex officio member.

*Benefits Provided.* The GERS and the PFRS provide retirement, disability, and death benefits. Benefit terms are established by contractual agreements between the City and the various employee union representations and may be amended by the same process.

#### General Employees' Retirement System

Retirement benefits for general plan members are calculated in a range of 2.0 to 2.3 percent of the member's final best three of the last 10 years' average salary times the member's years of service. Under the point system (age plus years of service), members are eligible under 70, 75, or 80 points. Some members with 10 years of service are eligible to retire at age 60. Members may retire at any age after 30 years of service or at age 55 with 25 years of service.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

All plan members are eligible for nonduty disability benefits after 10 years (5 for court ordinance and court clerical AFSCME employees) of service 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. Workers' compensation claims offset benefits. Duty death before benefit eligibility for normal retirement provides 75.0 percent of the member's regular retirement benefit to the spouse with service credited from the date of death to age 60. Nonduty death provides the same benefit as regular retirement but is actuarially reduced in accordance with a 100.0 percent joint and survivor election. A member who leaves city service may withdraw his or her employee required contributions, plus any accumulated interest. General plan members are not eligible for annual cost of living increases subsequent to their retirement.

### Police and Fire Retirement System

Retirement benefits for police and fire plan members are calculated in a range of 2.5 to 2.8 percent of the member's final best three of the last 10 years' average salary times the member's first 25 years of service plus 1.0 percent of average salary times the years of service exceeding 25. The maximum benefit is 75.0 percent of annual final compensation for police members and 70 points for fire members. Eligibility for normal retirement is 25 years of service, regardless of age.

All plan members are eligible for nonduty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Duty disability retirement benefits are computed as regular retirement when they would have completed 25 years of service or 50 percent of average final compensation if less than 25 years of service. Workers' compensation claims offset benefits with the exception of lump-sum settlements. Nonduty disability prior to age 55 is 1.5 percent of annual final compensation times years of service until attaining age 55. Duty death benefits provides a pension that is 100.0 percent of the amount paid by workers' compensation or the member's regular retirement benefit. Nonduty death provides the same benefit as regular retirement but is actuarially reduced with a 100.0 percent joint and survivor election. A member who leaves city service may withdraw his or her employee required contributions, plus any accumulated interest. Certain members hired prior to July 1, 1993 or July 1, 1994 are eligible to receive annual cost of living increases subsequent to their retirement, which is payable annually on January 1 in the range of \$500 - \$800 per applicable member.

### Employees Covered by Benefit Terms

*Membership.* At June 30, 2025 valuation date, plan membership consisted of the following:

	General Employees' Retirement System	Police and Fire Retirement System
Inactive employees or beneficiaries currently receiving benefits	349	421
Inactive employees entitled to but not receiving benefits	16	37
Active employees	52	229
<hr/> Total members	<hr/> 417	<hr/> 687

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

*Contributions.* State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions.

For the plan year ended June 30, 2025, the active member contributions were \$416,957 and 8.1 percent of covered payroll for GERS, and \$3,045,985 and 10.5 percent for PFRS. The City's contributions were \$4,486,600 and 86.9 percent of covered payroll for GERS, and \$14,765,699 and 50.7 percent for PFRS, respectively.

*Pension Plan Reserves.* In accordance with the city charter and code of ordinances, the following reserves are required to be set aside within the pension plans:

The retiree reserves are to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserves are credited as employee contributions are received throughout the year; the plans maintain a record of the amount contributed by each employee and credit interest annually at a rate of 2.0 percent. For any employee who terminates before vesting in the pension plans, his or her balance is returned to him or her; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve accounts are used to account for the residual net position balance in the pension plans after funding the above two reserves.

The balances of the reserve accounts at June 30, 2025 are as follows:

	Required Reserve	Amount Funded
<b>GERS</b>		
Retiree reserve	\$ 116,726,810	\$ 105,034,757
Employee reserve	7,183,759	7,183,759
<b>PFRS</b>		
Retiree reserve	285,640,087	233,966,860
Employee reserve	27,728,805	27,728,805

*Deferred Retirement Option Program (DROP).* The City offers certain employees the ability to continue services and be paid a salary after they are fully vested; this program credits the employee for benefit payments that would have been paid and pays them out with interest at 4.00 percent after the employee has fully retired (discontinued providing employee services to the City). At June 30, 2025, the plan has \$25,397,641 accumulated in DROP accounts.

*Net Pension Liability.* The City's net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent (GERS); 2.25 percent (PFRS)
Salary increases	3.0-10.75 percent (GERS); 3.0-20.10 percent (PFRS), including inflation
Investment rate of return	7.15 percent (GERS); 7.25 percent (PFRS), net of investment expense
Mortality rates	<p>Pre-Retirement (GERS): The Pub-2010, Amount-Weighted, General Employee Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010.</p> <p>Healthy Post-Retirement (GERS): The Pub-2010, Amount-Weighted, General Healthy Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010.</p> <p>Disability Retirement (GERS): The Pub-2010, Amount-Weighted, General Disabled Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010.</p> <p>Pre-Retirement (PFRS): The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female tables, and future mortality improvements projected using scale MP-2021.</p> <p>Healthy Post-Retirement (PFRS): The Pub-2010, Amount-Weighted, Safety, Healthy Retiree, Male and Female tables, and future mortality improvements projected using scale MP-2021.</p> <p>Disability Retirement (PFRS): The Pub-2010, Amount-Weighted, Safety, Disabled Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021.</p>

The actuarial assumptions used in the actuarial valuations are generally based on the results of periodic actuarial experience studies that encompass a five-year look-back window.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *Investment Policy and Long-term Expected Real Investment Rate of Return*

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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 as of June 30, 2025, are summarized in the following tables:

Asset Class (GERS)	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap growth equities	7.70%	7.01%	0.54%
Large cap value equities	7.70%	7.05%	0.54%
Large cap core equities	7.60%	6.70%	0.51%
Small/mid cap equities	15.00%	7.47%	1.12%
International equities	20.00%	6.30%	1.26%
Emerging markets	5.50%	8.05%	0.44%
Real estate	2.00%	5.04%	0.10%
Fixed income	20.00%	2.13%	0.43%
Alternative investments	14.50%	4.46%	0.65%
	100.00%		5.59%
Inflation			2.10%
Risk adjustments			-0.54%
<b>Investment rate of return</b>			<b>7.15%</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

Asset Class (PFRS)	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap growth equities	7.70%	7.01%	0.54%
Large cap value equities	7.70%	7.05%	0.54%
Large cap core equities	7.60%	6.70%	0.51%
Small/mid cap equities	15.00%	7.47%	1.12%
International equities	20.00%	6.30%	1.26%
Emerging markets	5.50%	8.05%	0.44%
Real estate	5.00%	5.04%	0.25%
Fixed income	20.00%	2.13%	0.43%
Alternative investments	<u>11.50%</u>	<u>4.46%</u>	<u>0.51%</u>
	100.00%		5.60%
Inflation			2.10%
Risk adjustments			<u>-0.45%</u>
<b>Investment rate of return</b>			<b><u>7.25%</u></b>

*Discount Rate.* The discount rate used to measure the total pension liability was 7.15% for GERS and 7.25% for PFRS. 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 these assumptions, the pension 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.

*Annual Money-weighted Rate of Return.* For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.85 percent (GERS) and 10.71 percent (PFRS). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF STERLING HEIGHTS, 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:

#### General Employees' Retirement System

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 148,350,368	\$ 107,602,473	\$ 40,747,895
Changes for the year:			
Service cost	667,350	-	667,350
Interest	10,214,930	-	10,214,930
Differences between expected and actual experience	1,166,413	-	1,166,413
Employer contributions	-	4,486,600	(4,486,600)
Employee contributions	-	416,957	(416,957)
Net investment income	-	11,347,500	(11,347,500)
Benefit payments, including refunds of employee contributions	(11,635,754)	(11,635,754)	-
Other	-	740	(740)
Net changes	<u>412,939</u>	<u>4,616,043</u>	<u>(4,203,104)</u>
<b>Balances at June 30, 2025</b>	<b>\$ 148,763,307</b>	<b>\$ 112,218,516</b>	<b>\$ 36,544,791</b>

The plan fiduciary net position as a percentage of the total pension liability is 75.4 percent.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### Police and Fire Retirement System

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 397,543,457	\$ 246,252,997	\$ 151,290,460
Changes for the year:			
Service cost	6,404,761	-	6,404,761
Interest	28,007,617	-	28,007,617
Differences between expected and actual experience	5,319,164	-	5,319,164
Change in assumptions	(1,915,609)	-	(1,915,609)
Employer contributions	-	14,765,699	(14,765,699)
Employee contributions	-	3,045,985	(3,045,985)
Employee service purchases	-	182,216	(182,216)
Net investment income	-	26,438,451	(26,438,451)
Benefit payments, including refunds of employee contributions	(28,867,760)	(28,867,760)	-
Administrative expense	-	(121,923)	121,923
Net changes	<u>8,948,173</u>	<u>15,442,668</u>	<u>(6,494,495)</u>
<b>Balances at June 30, 2025</b>	<b>\$ 406,491,630</b>	<b>\$ 261,695,665</b>	<b>\$ 144,795,965</b>

The plan fiduciary net position as a percentage of the total pension liability is 64.4 percent.

General Employees' Retirement System	\$ 36,544,791
Police and Fire Retirement System	<u>144,795,965</u>
<b>Total net pension liability</b>	<b><u>\$ 181,340,756</u></b>

The City's net pension liability is presented in the government-wide statement of net position as follows:

Governmental activities	\$ 174,270,711
Business-type activities	<u>7,070,045</u>
<b>Total net pension liability</b>	<b><u>\$ 181,340,756</u></b>

*Change in assumptions.* During the year there were changes to assumptions as a result of updates to the experience study.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.15 percent for GERS and 7.25 percent for PFRS, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15/6.25 percent) or 1-percentage-point higher (8.15/8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's GERS net pension liability	\$ 51,101,960	\$ 36,544,791	\$ 24,110,371
City's PFRS net pension liability	<u>188,455,421</u>	<u>144,795,965</u>	<u>108,437,575</u>
	<u><u>\$ 239,557,381</u></u>	<u><u>\$ 181,340,756</u></u>	<u><u>\$ 132,547,946</u></u>

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is provided in Note 10.

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

For the year ended June 30, 2025, the City recognized pension expense of \$2,882,095 for GERS and \$11,752,631 for PFRS. At June 30, 2025, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

#### **General Employees' Retirement System**

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 840,392</u>

#### **Police and Fire Retirement System**

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 7,479,509	\$ 105,802	\$ 7,373,707
Change in assumption	-	1,502,575	(1,502,575)
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,885,198</u>	<u>(2,885,198)</u>
<b>Total</b>	<b>\$ 7,479,509</b>	<b>\$ 4,493,575</b>	<b>\$ 2,985,934</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

The City's deferred outflows of resources related to pensions is presented in the government-wide statement of net position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 7,479,509	\$ 5,171,380	\$ 2,308,129
Business-type activities	-	162,587	(162,587)
<b>Total</b>	<b>\$ 7,479,509</b>	<b>\$ 5,333,967</b>	<b>\$ 2,145,542</b>

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

Year Ended June 30,	General Employees' Retirement System	Police and Fire Retirement System
2026	\$ 3,251,878	\$ 8,969,832
2027	(2,036,130)	(3,107,864)
2028	(1,277,223)	(1,547,423)
2029	<u>(778,917)</u>	<u>(1,328,611)</u>
<b>Total</b>	<b>\$ (840,392)</b>	<b>\$ 2,985,934</b>

*Payable to the Pension Plan.* At June 30, 2025, the City had \$70,390 payable to the pension plan.

The net pension liability will be liquidated from the funds from which the individual employee salaries are paid, generally the General Fund and the Water and Sewer Fund.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 12. OTHER POSTEMPLOYMENT BENEFITS

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

*Plan Description.* The City provides OPEB for all employees who are members of the GERS and PFRS pension plans who meet eligibility requirements. The benefits are provided through the City of Sterling Heights Retiree Health Care Plan (the "Plan"), a single-employer defined benefit plan under Public Act 149 of 1999 administered by the City Investment Council. The plan is closed to new members.

The financial statements of the OPEB plan are included in these financial statements as the Pension and Other Employee Benefit Trust Fund (a fiduciary fund).

Management of the Plan is vested in the investment committee, which consists of three members: the city treasurer, city finance director, and city clerk.

*Benefits Provided.* The Plan provides health care for retirees and their dependents. Benefits are provided through a third-party insurer, and the partial cost of benefits is covered by the Plan.

Benefit terms provide for annual cost of living adjustments to each employee's OPEB benefits subsequent to the employee's retirement date. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in OPEB benefits of 2 percent for general employees and 3 percent for public safety employees.

The City Council has the sole authority to establish and amend the benefit terms.

*Employees Covered by Benefit Terms.* At June 30, 2024 (the date of the most recent actuarial report), the following members were covered by the benefit terms:

Retirees and beneficiaries	656
Active and DROP plan members	<u>518</u>
<b>Total membership</b>	<b><u>1,174</u></b>

*Contributions.* A July 2000 City Council resolution grants the authority to establish and amend the contribution requirements of the City and plan members to the investment committee. The investment committee establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2025, the City's contribution was \$7,166,400. DROP plan members are required to contribute 5 percent of gross wages.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### ***Net OPEB Liability***

The City's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025.

***Actuarial Assumptions.*** The total OPEB liability in the June 30, 2024 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Inflation	No explicit price inflation used
Salary increases	3.0% to 18.25%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based tables that are specific to the type of eligibility condition
Healthcare cost trend rate	Non-Medicare: 7.50% gradually decreasing to an ultimate trend rate of 3.50%; Medicare: 6.25% gradually decreasing to an ultimate trend rate of 3.50%
Mortality rates	General: The Pub-2010, Amount-Weighted, General Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Police/Fire: The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female tables, and future mortality improvements projected using scale MP-2019.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2021 for general members and June 30, 2016 through June 30, 2019 for police and fire members.

### ***Investment Policy and Long-term Expected Real Investment Rate of Return***

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Large capitalization equities	23.00%	9.02%	2.07%
Small/middle capitalization equities	15.00%	9.57%	1.44%
International equities	20.00%	8.40%	1.68%
Emerging markets	5.50%	10.15%	0.56%
Fixed income	20.00%	4.23%	0.85%
Alternative investments	16.50%	6.56%	1.08%
	<u><u>100.00%</u></u>		7.68%
Inflation			2.10%
Risk adjustments			-2.53%
<b>Investment rate of return</b>			<u><u>7.25%</u></u>

*Discount Rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Annual Money-weighted Rate of Return.* For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 12.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### *Changes in the Net OPEB Liability*

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	<u>\$ 215,457,320</u>	<u>\$ 170,405,550</u>	<u>\$ 45,051,770</u>
Changes for the year:			
Service cost	1,187,481	-	1,187,481
Interest on total OPEB liability	15,255,319	-	15,255,319
Change in benefits	271,055	-	271,055
Differences between expected and actual experience	(3,231,544)	-	(3,231,544)
Changes in assumptions	8,188,030	-	8,188,030
Employer contributions	-	7,166,400	(7,166,400)
Employee contributions	-	356,231	(356,231)
Net investment income	-	20,320,971	(20,320,971)
Benefit payments	(11,290,761)	(11,290,761)	-
Other changes	12,512	-	12,512
Net changes	<u>10,392,092</u>	<u>16,552,841</u>	<u>(6,160,749)</u>
<b>Balances at June 30, 2025</b>	<b><u>\$ 225,849,412</u></b>	<b><u>\$ 186,958,391</u></b>	<b><u>\$ 38,891,021</u></b>

The Plan's fiduciary net position represents 82.8 percent of the total OPEB liability.

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is provided in Note 10.

*Changes in Benefits.* The changes in benefits were court administrators are eligible for normal retirement at the sum of age and years of service equal to 75, or at any age with 30 years of service.

*Changes in Assumptions.* The changes in assumptions were updates to mortality tables.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net OPEB liability	\$ 65,398,221	\$ 38,891,021	\$ 16,862,893

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption.* The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.50 percent to 3.50 percent for non-Medicare or 6.25 percent to 3.50 percent for Medicare, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
City's net OPEB liability	\$ 14,776,331	\$ 38,891,021	\$ 67,732,130

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

For the year ended June 30, 2025, the City recognized an OPEB benefit of \$3,208,793. At June 30, 2025, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 6,928,206	\$ (6,928,206)
Changes in assumptions	6,926,246	22,941	6,903,305
Net difference between projected and actual earnings on OPEB plan investments	-	6,871,814	(6,871,814)
<b>Total</b>	<b>\$ 6,926,246</b>	<b>\$ 13,822,961</b>	<b>\$ (6,896,715)</b>

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

Year Ended June 30,	Amount
2026	\$ 872,081
2027	(5,124,712)
2028	(2,133,760)
2029	(658,976)
2030	<u>148,652</u>
<b>Total</b>	<b><u>\$ (6,896,715)</u></b>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

*Payable to the OPEB Plan.* At June 30, 2025, the City had \$31,085 payable to the OPEB plan.

The net OPEB liability will be liquidated from the funds from which the individual employee salaries are paid; generally the General Fund and the Water and Sewer Fund.

### 13. DEFINED CONTRIBUTION PENSION PLAN

The City provides pension benefits to all new general employees through a defined contribution plan administered by the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council resolution, the City contributes 7.0 percent of employees' base wages, based on employee group, while the employees contribute a minimum of 5.0 percent of eligible wages to the employees' individual accounts. The City's contributions to the employees' accounts, including investment earnings, are fully vested after five years of service. In accordance with these requirements, the City contributed \$1,158,455 during the current year, and employees contributed \$796,159.

### 14. LEASES

**Lessor** - The City is involved in seven 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 \$186,338.

Asset Type	Remaining Term of Agreements
Land for cell towers	1-26 years

### 15. CONTINGENT LIABILITIES

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

### 16. TAX ABATEMENTS

The City uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property for up to 12 years.

For the fiscal year ended June 30, 2025, the City abated \$772,611 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 17. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>			
Prepaids and other assets	\$ 84,872	\$ 4,420,886	\$ 4,505,758
Inventories	981,537	-	981,537
	<u>1,066,409</u>	<u>4,420,886</u>	<u>5,487,295</u>
<b>Restricted</b>			
Street construction and maintenance	-	11,983,150	11,983,150
Public safety	-	2,672,398	2,672,398
Opioid	-	1,736,585	1,736,585
Public works	-	1,852,164	1,852,164
Capital improvements	-	3,071,765	3,071,765
Debt service	-	230,335	230,335
	<u>-</u>	<u>21,546,397</u>	<u>21,546,397</u>
<b>Committed</b>			
Land and water conservation	-	37,428	37,428
	<u>-</u>	<u>37,428</u>	<u>37,428</u>
<b>Assigned</b>			
Parks and recreation	-	2,084,588	2,084,588
Debt service	-	2,963	2,963
Grants	-	1,449,376	1,449,376
Capital improvements	-	17,333,781	17,333,781
	<u>-</u>	<u>20,870,708</u>	<u>20,870,708</u>
<b>Unassigned</b>			
	41,885,348	-	41,885,348
<b>Total fund balance</b>	<b>\$ 42,951,757</b>	<b>\$ 46,875,419</b>	<b>\$ 89,827,176</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Financial Statements

#### 18. 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	Component Units
<b>Capital assets:</b>			
Capital assets not being depreciated/amortized	\$ 128,746,202	\$ 38,400,702	\$ 1,212,203
Capital assets being depreciated/amortized, net	273,582,970	171,952,683	5,157,290
	<u>402,329,172</u>	<u>210,353,385</u>	<u>6,369,493</u>
<b>Related debt:</b>			
Bonds payable	100,451,000	88,266,709	-
Subscription liability	1,231,344	208,869	-
Unspent bond proceeds	(3,567,214)	(7,289,685)	-
Bond premium	4,683,022	6,492,199	-
Deferred charge on refunding	-	(173,386)	-
Deferred benefit on refunding	-	398,478	-
Construction related payables	1,598,782	-	-
	<u>104,396,934</u>	<u>87,903,184</u>	<u>-</u>
<b>Net investment in capital assets</b>	<b>\$ 297,932,238</b>	<b>\$ 122,450,201</b>	<b>\$ 6,369,493</b>

#### 19. 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 \$6,341,891. Settlement payments received during the year ended June 30, 2025 were \$312,402. 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 \$3,802,078.

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 STERLING HEIGHTS, MICHIGAN

## Notes to Financial Statements

### 20. RESTATEMENTS/ADJUSTMENTS TO BEGINNING NET POSITION/FUND BALANCE

For the year ended June 30, 2025, the City had the following restatements/adjustments to beginning net position/fund balance:

	Restatements		Adjustments	
	Governmental Activities	Business-type Activities / Water and Sewer Fund	Nonmajor Governmental Funds	American Rescue Plan Act
Net position/fund balances, beginning of year, as previously reported	\$ 135,139,847	\$ 133,609,195	\$ 40,534,854	\$ 999,748
Change in accounting principle - Implementation of GASB 101	(3,275,899)	(111,258)	-	-
Change within the financial reporting entity - Change from major to nonmajor fund	-	-	999,748	(999,748)
Net position/fund balances, beginning of year, as restated/adjusted	<u>\$ 131,863,948</u>	<u>\$ 133,497,937</u>	<u>\$ 41,534,602</u>	<u>\$ -</u>

The City previously reported the American Rescue Plan Act special revenue fund as a major governmental fund. The American Rescue Plan Act special revenue fund did not meet the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

### 21. SUBSEQUENT EVENT

During October 2025, the City issued \$38,295,000 in 2025 Capital Improvement Bonds (Limited Tax General Obligation). These bonds are payable through April 2040 with an interest rate of 5%.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF STERLING HEIGHTS, MICHIGAN

### Required Supplementary Information

General Employees' Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,				
	2025	2024	2023	2022	2021
<b>Change in total pension liability</b>					
Service cost	\$ 667,350	\$ 706,604	\$ 804,749	\$ 857,788	\$ 848,617
Interest	10,214,930	10,260,613	10,446,617	10,192,021	10,363,444
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	1,166,413	48,718	(1,976,159)	1,750,581	(286,885)
Changes in assumptions	-	-	-	4,717,863	3,292,370
Benefit payments, including refunds of member contributions	(11,635,754)	(11,634,684)	(12,020,508)	(11,909,081)	(11,734,502)
<b>Net change in total pension liability</b>	<u>412,939</u>	<u>(618,749)</u>	<u>(2,745,301)</u>	<u>5,609,172</u>	<u>2,483,044</u>
<b>Total pension liability, beginning</b>	<u>148,350,368</u>	<u>148,969,117</u>	<u>151,714,418</u>	<u>146,105,246</u>	<u>143,622,202</u>
<b>Total pension liability, ending</b>	<u>148,763,307</u>	<u>148,350,368</u>	<u>148,969,117</u>	<u>151,714,418</u>	<u>146,105,246</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	4,486,600	4,570,650	4,048,820	4,533,280	4,029,741
Contributions - member	416,957	393,715	491,498	460,224	490,970
Net investment income (loss)	11,347,500	9,728,028	10,767,070	(17,574,042)	30,177,513
Benefit payments, including refunds of member contributions	(11,635,754)	(11,634,684)	(12,020,508)	(11,909,081)	(11,734,502)
Other	740	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>4,616,043</u>	<u>3,057,709</u>	<u>3,286,880</u>	<u>(24,489,619)</u>	<u>22,963,722</u>
<b>Plan fiduciary net position, beginning</b>	<u>107,602,473</u>	<u>104,544,764</u>	<u>101,257,884</u>	<u>125,747,503</u>	<u>102,783,781</u>
<b>Plan fiduciary net position, ending</b>	<u>112,218,516</u>	<u>107,602,473</u>	<u>104,544,764</u>	<u>101,257,884</u>	<u>125,747,503</u>
<b>City's net pension liability, ending</b>	<u><b>\$ 36,544,791</b></u>	<u><b>\$ 40,747,895</b></u>	<u><b>\$ 44,424,353</b></u>	<u><b>\$ 50,456,534</b></u>	<u><b>\$ 20,357,743</b></u>
Plan fiduciary net position as a percentage of the total pension liability	75.43%	72.53%	70.18%	66.74%	86.07%
Covered payroll	\$ 5,162,009	\$ 4,818,246	\$ 4,980,818	\$ 5,492,708	\$ 5,767,945
City's net pension liability as a percentage of covered payroll	707.96%	845.70%	891.91%	918.61%	352.98%

See notes to required supplementary information.

**Fiscal Year Ended June 30,**

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 926,654	\$ 923,068	\$ 1,011,294	\$ 1,033,145	\$ 999,822
10,340,464	10,310,982	10,259,718	10,194,909	10,251,133
-	-	-	21,315	468,337
867,442	722,498	782,654	(790,128)	(220,359)
-	-	-	6,023,738	3,043,452
<u>(11,843,768)</u>	<u>(11,286,739)</u>	<u>(11,365,307)</u>	<u>(11,080,749)</u>	<u>(11,221,254)</u>
290,792	669,809	688,359	5,402,230	3,321,131
<u>143,331,410</u>	<u>142,661,601</u>	<u>141,973,242</u>	<u>136,571,012</u>	<u>133,249,881</u>
<u>143,622,202</u>	<u>143,331,410</u>	<u>142,661,601</u>	<u>141,973,242</u>	<u>136,571,012</u>
 3,778,317	 3,612,060	 3,265,820	 2,648,960	 2,768,790
505,668	529,015	555,471	583,975	619,418
1,399,063	5,813,306	7,578,055	11,402,709	(288,329)
 (11,843,768)	 (11,286,739)	 (11,365,307)	 (11,080,749)	 (11,221,254)
 - (6,160,720)	 4,897 (1,327,461)	 - 34,039	 - 3,554,895	 20,441 (8,100,934)
<u>108,944,501</u>	<u>110,271,962</u>	<u>110,237,923</u>	<u>106,683,028</u>	<u>114,783,962</u>
<u>102,783,781</u>	<u>108,944,501</u>	<u>110,271,962</u>	<u>110,237,923</u>	<u>106,683,028</u>
 \$ 40,838,421	 \$ 34,386,909	 \$ 32,389,639	 \$ 31,735,319	 \$ 29,887,984
 71.57%	 76.01%	 77.30%	 77.65%	 78.12%
 \$ 5,994,428	 \$ 6,380,656	 \$ 6,204,481	 \$ 7,420,404	 \$ 7,491,549
 681.27%	 538.92%	 522.04%	 427.68%	 398.96%

## CITY OF STERLING HEIGHTS, MICHIGAN

### Required Supplementary Information

General Employees' Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 2,768,790	\$ 2,768,790	\$ -	\$ 7,491,549	37.0%
2017	2,648,960	2,648,960	-	7,420,404	35.7%
2018	3,265,820	3,265,820	-	6,204,481	52.6%
2019	3,612,060	3,612,060	-	6,380,656	56.6%
2020	3,768,403	3,778,317	(9,914)	5,994,428	63.0%
2021	4,029,741	4,029,741	-	5,767,945	69.9%
2022	4,516,276	4,533,280	(17,004)	5,492,708	82.5%
2023	4,048,369	4,048,820	(451)	4,980,818	81.3%
2024	4,569,791	4,570,650	(859)	4,818,246	94.9%
2025	4,485,026	4,486,600	(1,574)	5,162,009	86.9%

See notes to required supplementary information.

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Required Supplementary Information

General Employees' Retirement System  
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2016	-0.24%
2017	11.08%
2018	7.16%
2019	5.39%
2020	1.33%
2021	30.30%
2022	-14.34%
2023	10.99%
2024	9.58%
2025	10.85%

See notes to required supplementary information.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Required Supplementary Information

### General Employees' Retirement System

#### Notes to Schedule of Changes in the Net Pension Liability and Related Ratios - General Employees' Retirement System

In 2022, both the discount rate and investment rate of return decreased from 7.25 percent to 7.15 percent. The valuation also changed from using the RP-2014 tables (projected with scale MP-2016) to using the Pub-2010 tables (projected with scale MP-2021).

In 2021, both the discount rate and investment rate of return decreased from 7.50 percent to 7.25 percent.

The mortality table utilized in 2017 was the MP-2014 using a fully generational improvement scale (MP-2016), whereas the table utilized previously was the RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2015 using projection scale AA. The discount rate in 2017 was adjusted from 7.75 to 7.50 percent.

The discount rate in 2016 was adjusted from 8.00 to 7.75 percent.

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	June 30, 2023 (for determination of employer contributions for the 2025 fiscal year)
Notes	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar layered, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.0% - 10.75% including inflation
Investment rate of return	7.15%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2022 valuation pursuant to an experience study of the period 2016-2021.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Notes to Required Supplementary Information

#### General Employees' Retirement System

##### Mortality

The rates of mortality used for individual members are based upon the Pub-2010 Amount-Weighted General tables, as published by the Society of Actuaries, and include a margin for future mortality improvements projected using a fully generational improvement scale. The tables used were as follows:

1. Pre-Retirement Mortality: The Pub-2010, Amount-Weighted, General Employee Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010.
2. Healthy Post-Retirement Mortality: The Pub-2010, Amount-Weighted, General Healthy Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021.
3. Disability Retirement Mortality: The Pub-2010, Amount-Weighted, General Disabled Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Required Supplementary Information

Police and Fire Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,				
	2025	2024	2023	2022	2021
<b>Change in total pension liability</b>					
Service cost	\$ 6,404,761	\$ 5,851,202	\$ 5,418,565	\$ 5,249,370	\$ 4,849,101
Interest	28,007,617	27,351,888	26,731,488	26,322,454	25,557,497
Changes of benefit terms	-	-	1,608,259	-	810,864
Differences between expected and actual experience	5,319,164	4,450,323	2,193,181	(1,240,342)	2,557,466
Changes in assumptions	(1,915,609)	-	-	-	-
Benefit payments, including refunds of member contributions	(28,867,760)	(28,903,571)	(26,317,533)	(23,230,948)	(23,616,915)
<b>Net change in total pension liability</b>	<u>8,948,173</u>	<u>8,749,842</u>	<u>9,633,960</u>	<u>7,100,534</u>	<u>10,158,013</u>
<b>Total pension liability, beginning</b>	<u>397,543,457</u>	<u>388,793,615</u>	<u>379,159,655</u>	<u>372,059,121</u>	<u>361,901,108</u>
<b>Total pension liability, ending</b>	<u>406,491,630</u>	<u>397,543,457</u>	<u>388,793,615</u>	<u>379,159,655</u>	<u>372,059,121</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	14,765,699	13,917,727	13,520,242	13,738,932	11,969,319
Contributions - member	3,045,985	2,707,465	2,857,797	2,244,516	1,949,272
Employee service purchases	182,216	289,054	-	-	-
Net investment income (loss)	26,438,451	22,268,350	26,308,790	(40,828,197)	70,313,859
Benefit payments, including refunds of member contributions	(28,867,760)	(28,903,571)	(26,317,533)	(23,230,948)	(23,616,915)
Other	-	-	-	-	-
Administrative expense	(121,923)	(105,675)	-	(106,405)	(98,801)
<b>Net change in plan fiduciary net position</b>	<u>15,442,668</u>	<u>10,173,350</u>	<u>16,369,296</u>	<u>(48,182,102)</u>	<u>60,516,734</u>
<b>Plan fiduciary net position, beginning</b>	<u>246,252,997</u>	<u>236,079,647</u>	<u>219,710,351</u>	<u>267,892,453</u>	<u>207,375,719</u>
<b>Plan fiduciary net position, ending</b>	<u>261,695,665</u>	<u>246,252,997</u>	<u>236,079,647</u>	<u>219,710,351</u>	<u>267,892,453</u>
<b>City's net pension liability, ending</b>	<u><b>\$ 144,795,965</b></u>	<u><b>\$ 151,290,460</b></u>	<u><b>\$ 152,713,968</b></u>	<u><b>\$ 159,449,304</b></u>	<u><b>\$ 104,166,668</b></u>
Plan fiduciary net position as a percentage of the total pension liability	64.38%	61.94%	60.72%	57.95%	72.00%
Covered payroll	\$ 29,108,159	\$ 26,733,173	\$ 25,229,061	\$ 23,945,932	\$ 23,391,529
City's net pension liability as a percentage of covered payroll	497.44%	565.93%	605.31%	665.87%	445.32%

See notes to required supplementary information.

**Fiscal Year Ended June 30,**

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 4,765,180	\$ 4,116,668	\$ 3,380,879	\$ 3,118,370	\$ 4,566,392
24,559,781	24,500,149	23,166,857	23,330,680	21,627,043
-	-	-	-	-
(2,197,579)	2,866,838	2,689,692	(2,688,374)	4,075,015
(1,324,741)	21,949,498	14,170,036	6,757,450	(60,488,228)
(22,746,754)	(23,083,898)	(24,296,503)	(22,414,879)	(19,003,317)
3,055,887	30,349,255	19,110,961	8,103,247	(49,223,095)
<u>358,845,221</u>	<u>328,495,966</u>	<u>309,385,005</u>	<u>301,281,758</u>	<u>350,504,853</u>
<u>361,901,108</u>	<u>358,845,221</u>	<u>328,495,966</u>	<u>309,385,005</u>	<u>301,281,758</u>
 9,830,873	 10,103,803	 8,297,370	 7,994,747	 7,986,312
1,993,395	1,857,374	2,038,119	1,660,858	1,538,401
-	-	-	-	-
8,329,773	14,613,943	19,084,405	22,479,683	(1,776,431)
(22,746,754)	(23,083,898)	(24,296,503)	(22,414,879)	(19,003,316)
-	-	(259,392)	-	76,413
(101,257)	(61,225)	(6,503)	(53,973)	(64,145)
(2,693,970)	3,429,997	4,857,496	9,666,436	(11,242,766)
<u>210,069,689</u>	<u>206,639,692</u>	<u>201,782,196</u>	<u>192,115,760</u>	<u>203,358,526</u>
<u>207,375,719</u>	<u>210,069,689</u>	<u>206,639,692</u>	<u>201,782,196</u>	<u>192,115,760</u>
<u>\$ 154,525,389</u>	<u>\$ 148,775,532</u>	<u>\$ 121,856,274</u>	<u>\$ 107,602,809</u>	<u>\$ 109,165,998</u>
 57.30%	 58.54%	 62.90%	 65.22%	 63.77%
\$ 22,575,989	\$ 22,859,153	\$ 21,549,009	\$ 19,778,423	\$ 19,321,315
 684.47%	 650.84%	 565.48%	 544.04%	 565.00%

## CITY OF STERLING HEIGHTS, MICHIGAN

### Required Supplementary Information

Police and Fire Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 7,986,312	\$ 7,986,312	\$ -	\$ 19,321,315	41.3%
2017	7,994,747	7,994,747	-	19,778,423	40.4%
2018	8,297,370	8,297,370	-	21,549,009	38.5%
2019	9,091,402	10,103,803	(1,012,401)	22,859,153	44.2%
2020	9,813,390	9,830,873	(17,483)	22,575,989	43.5%
2021	11,969,088	11,969,319	(231)	23,391,529	51.2%
2022	13,738,932	13,738,932	-	23,945,932	57.4%
2023	13,520,242	13,520,242	-	25,229,061	53.6%
2024	13,917,727	13,917,727	-	26,733,173	52.1%
2025	14,753,536	14,765,699	(12,163)	29,108,159	50.7%

See notes to required supplementary information.

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Required Supplementary Information

Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2016	-0.40%
2017	12.70%
2018	10.22%
2019	7.15%
2020	3.96%
2021	34.20%
2022	-15.29%
2023	12.05%
2024	9.46%
2025	10.71%

See notes to required supplementary information.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Required Supplementary Information

### Police and Fire Retirement System

#### Notes to Schedule of Changes in the Net Pension Liability and Related Ratios - Police and Fire Retirement System

In 2025, the change in assumption was the result of updates to the experience study.

In 2023, benefit changes included an increase in the benefit multiplier from 2.00 percent to 2.50 percent for fire employees hired after January 2, 2013. The employee contribution rate also increased from 8.00 percent to 10.00 percent for fire employees.

In 2021, benefit changes included an increase in the benefit multiplier from 2.00 percent to 2.50 percent for certain employees. The employee contribution rate also increased from 8.00 percent to 10.00 percent for certain employees.

The discount rate in 2020 was adjusted from 7.02 to 7.25 percent. The mortality table utilized in 2020 was Pub-2010 with the MP-2019 improvement scale, whereas the table utilized previously was the RP-2014 with Generational MP-2017 improvement scale.

The discount rate in 2019 was adjusted from 7.68 to 7.02 percent.

The discount rate in 2018 was adjusted from 7.75 to 7.68 percent. The mortality table utilized in 2018 was the RP-2014 with Generational MP-2017 improvement scale, whereas the table utilized previously was the RP-2000 Combined Healthy Mortality table projected to 2014.

The discount rate in 2017 was adjusted from 8.00 to 7.75 percent.

The discount rate in 2016 was adjusted from 6.30 to 8.00 percent. The mortality table utilized in 2016 was the RP-2000 Combined Healthy Mortality table projected to 2014, whereas the table utilized previously was the RP-2014 Healthy Annuitant Mortality table.

The discount rate in 2015 was adjusted from 6.67 to 6.30 percent. The mortality table utilized in 2015 was the RP-2014 Healthy Annuitant Mortality table, whereas the table utilized previously was the 1994 Uninsured Pension Mortality.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Required Supplementary Information

### Police and Fire Retirement System

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	June 30, 2023 (for determination of employer contributions for the 2025 fiscal year)
Notes	Actuarially determined contribution amounts are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-year smooth fair value
Inflation	2.25%
Salary increases	3.00% - 20.10% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019. Healthy Post-Retirement: The Pub-2010, Amount-Weighted, Safety, Healthy Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019. Disability Retirement(PFRS): The Pub-2010, Amount-Weighted, Safety, Disabled Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Required Supplementary Information

Retiree Medical Benefits Trust

Schedule of Changes in Net OPEB Liability and Related Ratios

	<b>Fiscal Year Ended June 30,</b>			
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Total OPEB liability</b>				
Service cost	\$ 1,187,481	\$ 1,430,773	\$ 1,702,998	\$ 1,556,117
Interest	15,255,319	15,007,986	15,450,129	14,907,440
Change in benefits	271,055	-	-	-
Difference between expected and actual experience	(3,231,544)	(764,597)	(11,063,555)	(2,936,786)
Changes in assumptions	8,188,030	-	(70,989)	2,921,151
Benefit payments, including refunds	(11,290,761)	(13,003,816)	(11,310,509)	(10,343,761)
Other changes	12,512	339,823	110,842	-
<b>Net change in total OPEB liability</b>	<u>10,392,092</u>	<u>3,010,169</u>	<u>(5,181,084)</u>	<u>6,104,161</u>
Total OPEB liability, beginning of year	<u>215,457,320</u>	<u>212,447,151</u>	<u>217,628,235</u>	<u>211,524,074</u>
<b>Total OPEB liability, end of year</b>	<u>225,849,412</u>	<u>215,457,320</u>	<u>212,447,151</u>	<u>217,628,235</u>
<b>Plan fiduciary net position</b>				
Employer contributions	7,166,400	8,500,650	9,002,320	9,299,990
Member contributions	356,231	305,661	326,848	279,572
Net investment income (loss)	20,320,971	18,200,689	19,077,267	(25,160,896)
Benefit payments, including refunds	(11,290,761)	(13,003,816)	(11,310,509)	(10,343,761)
Other	-	-	-	(110,844)
<b>Net change in plan fiduciary net position</b>	<u>16,552,841</u>	<u>14,003,184</u>	<u>17,095,926</u>	<u>(26,035,939)</u>
Plan fiduciary net position, beginning of year	<u>170,405,550</u>	<u>156,402,366</u>	<u>139,306,440</u>	<u>165,342,379</u>
<b>Plan fiduciary net position, end of year</b>	<u>186,958,391</u>	<u>170,405,550</u>	<u>156,402,366</u>	<u>139,306,440</u>
<b>Net OPEB liability</b>	<u>\$ 38,891,021</u>	<u>\$ 45,051,770</u>	<u>\$ 56,044,785</u>	<u>\$ 78,321,795</u>
Plan fiduciary net position as a percentage of total OPEB liability	82.78%	79.09%	73.62%	64.01%
Covered payroll	\$ 23,803,771	\$ 23,065,894	\$ 23,908,123	\$ 25,216,929
Net OPEB liability as a percentage of covered payroll	163.38%	195.32%	234.42%	310.59%

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>
\$ 1,618,774	\$ 1,678,922	\$ 1,719,869	\$ 1,882,705	\$ 2,001,128
16,148,111	15,511,460	14,979,531	14,695,533	14,177,069
-	-	-	-	-
(27,706,806)	(1,942,968)	(5,425,052)	(3,926,583)	(380,735)
11,868,794	3,381,580	5,723,906	-	5,411,956
(9,805,884)	(9,602,980)	(9,824,162)	(8,212,223)	(8,447,897)
(812,847)	469,199	-	-	-
<u>(8,689,858)</u>	<u>9,495,213</u>	<u>7,174,092</u>	<u>4,439,432</u>	<u>12,761,521</u>
<u>220,213,932</u>	<u>210,718,719</u>	<u>203,544,627</u>	<u>199,105,195</u>	<u>186,343,674</u>
<u>211,524,074</u>	<u>220,213,932</u>	<u>210,718,719</u>	<u>203,544,627</u>	<u>199,105,195</u>
 10,500,000	 11,500,000	 11,452,950	 11,452,950	 11,452,950
85,276	65,649	200,196	174,683	12,822
41,525,017	1,088,614	6,082,507	7,950,032	11,360,581
(9,805,884)	(9,602,980)	(9,824,162)	(8,752,335)	(8,447,897)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,572</u>
<u>42,304,409</u>	<u>3,051,283</u>	<u>7,911,491</u>	<u>10,825,330</u>	<u>14,389,028</u>
<u>123,037,970</u>	<u>119,986,687</u>	<u>112,075,196</u>	<u>101,249,866</u>	<u>86,860,838</u>
<u>165,342,379</u>	<u>123,037,970</u>	<u>119,986,687</u>	<u>112,075,196</u>	<u>101,249,866</u>
<u>\$ 46,181,695</u>	<u>\$ 97,175,962</u>	<u>\$ 90,732,032</u>	<u>\$ 91,469,431</u>	<u>\$ 97,855,329</u>
 78.17%	 55.87%	 56.94%	 55.06%	 50.85%
 \$ 26,600,457	 \$ 24,904,864	 \$ 27,050,738	 \$ 27,014,605	 \$ 28,386,397
 173.61%	 390.19%	 335.41%	 338.59%	 344.73%

## CITY OF STERLING HEIGHTS, MICHIGAN

### Required Supplementary Information

Retiree Medical Benefits Trust

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
2016	\$ 11,572,635	\$ 12,584,830	\$ (1,012,195)	\$ 35,568,006	35.4%
2017	11,452,950	11,452,950	-	28,386,397	40.3%
2018	10,637,102	11,452,950	(815,848)	27,014,605	42.4%
2019	10,553,939	11,452,950	(899,011)	27,050,738	42.3%
2020	10,551,592	11,500,000	(948,408)	24,904,864	46.2%
2021	10,468,129	10,500,000	(31,871)	26,600,457	39.5%
2022	8,269,618	9,299,990	(1,030,372)	25,216,929	36.9%
2023	8,088,229	9,002,320	(914,091)	23,908,123	37.7%
2024	7,428,955	8,500,650	(1,071,695)	23,065,894	36.9%
2025	7,105,793	7,166,400	(60,607)	23,803,771	30.1%

See notes to required supplementary information.

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Required Supplementary Information

Retiree Medical Benefits Trust

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2017	12.86%
2018	7.77%
2019	5.65%
2020	0.51%
2021	34.37%
2022	-15.24%
2023	13.68%
2024	11.49%
2025	12.08%

See notes to required supplementary information.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Required Supplementary Information

### Retiree Medical Benefits Trust

#### Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The changes in assumptions in 2025 were updates to mortality tables.

Changes in benefits in 2025 were court administrators are eligible for normal retirement at the sum of age and years of service equal to 75, or at any age with 30 years of service.

Changes in assumptions in 2023 reflect the effects of changes in the health care cost trend rates and mortality assumptions used. Health care cost trend rates were adjusted from an initial trend of 7.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent.

Changes in assumptions in 2022 reflect the effects of changes in the health care cost trend rates and mortality assumptions used. Health care cost trend rates were adjusted from an initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 7.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent. For general members, the valuation changed from using the RP-2014 tables (projected with scale MP-2016) to using the Pub-2010 tables (projected with scale MP-2021). Mortality assumptions remained the same for police and fire members.

Changes in assumptions in 2021 reflect the effects of changes in the discount rate and investment rate of return, health care cost trend rates, and mortality assumptions used. The discount rate and investment rate of return both decreased from 7.50 percent to 7.25 percent. Health care cost trend rates were adjusted from an initial trend of 8.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent. For police and fire members, the valuation changed from using the RP-2014 tables (projected with scale MP-2016) to using the Pub-2010 tables (projected with scale MP-2019). Mortality assumptions remained the same for general members.

Changes in assumptions in 2020 reflect the effects of changes in the assumed salary increases, health care cost trend rates, and mortality assumptions used. Assumed salary increases (including inflation) were adjusted from a range of 3.75 to 20.00 percent to a range of 3.00 to 20.10 percent. Health care cost trend rates were adjusted from an initial trend of 9.00 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 8.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent. The valuation changed from using the RP-2000 Healthy Annuitant Tables for males and females (projected to 2015 using Scale AA) to the RP-2014 tables (projected with scale MP-2016 from a base year of 2006).

Changes in assumptions in 2019 assumed salary increases (including inflation) were adjusted to a range of 3.75 to 20.00 percent from 3.00 to 3.25 percent.

Changes in assumptions in 2017 were the discount rate was adjusted from 7.75 to 7.50 percent. The mortality table utilized was the RP-2014, whereas the table utilized previously was the RP-2000 Combined Healthy Mortality table projected to 2015.

# CITY OF STERLING HEIGHTS, MICHIGAN

## Notes to Required Supplementary Information

Retiree Medical Benefits Trust

### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	June 30, 2024
Notes	Actuarially determined contribution rates are calculated as of June 30 of even numbered years, which is twelve months prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed fair value
Inflation	No explicit price inflation assumption used
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	General: The Pub-2010, Amount-Weighted, General Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Police/Fire: The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female tables, and future mortality improvements projected using scale MP-2019.
Health care trend rates	Non-Medicare: 7.50% gradually decreasing to an ultimate trend rate of 3.50%; Medicare: 6.25% gradually decreasing to an ultimate trend rate of 3.50%
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment expenses are net of the investment returns; administrative expenses are included in the premium costs.

### Notes to Schedule of Investment Returns

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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

## CITY OF STERLING HEIGHTS, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds  
June 30, 2025

	Special Revenue Funds			
	Major Streets	Local Streets	Parks and Recreation	Indigent Defense
<b>Assets</b>				
Cash and cash equivalents	\$ 4,337,553	\$ 3,836,586	\$ 2,509,295	\$ 55,947
Investments	3,860,680	-	-	-
Restricted assets, cash and investments	-	-	-	-
Receivables:				
Special assessment	-	30,877	-	-
Accounts	40,404	-	-	54,610
Accrued interest	7,212	1,413	-	-
Due from other governmental units	1,985,950	1,235,537	313,142	-
Opioid settlement	-	-	-	-
Loans	-	-	-	-
Prepays and other assets	3,828,636	-	-	-
<b>Total assets</b>	<u>\$ 14,060,435</u>	<u>\$ 5,104,413</u>	<u>\$ 2,822,437</u>	<u>\$ 110,557</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,014,549	\$ 1,670,501	\$ 478,100	\$ 110,557
Accrued and other liabilities	154	7,024	259,749	-
Due to other funds	-	-	-	-
Cash bonds and deposits	75,526	517,715	-	-
Unearned revenue	39,091	-	-	-
<b>Total liabilities</b>	<u>1,129,320</u>	<u>2,195,240</u>	<u>737,849</u>	<u>110,557</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	28,502	-	-
<b>Fund balances</b>				
Nonspendable	3,828,636	-	-	-
Restricted	9,102,479	2,880,671	-	-
Committed	-	-	-	-
Assigned	-	-	2,084,588	-
<b>Total fund balances</b>	<u>12,931,115</u>	<u>2,880,671</u>	<u>2,084,588</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 14,060,435</u>	<u>\$ 5,104,413</u>	<u>\$ 2,822,437</u>	<u>\$ 110,557</u>

Special Revenue Funds							Debt Service Funds		
Public Safety Forfeiture	Community Development Block Grant	Opioid Settlement	Refuse/Recycling	American Rescue Plan Act	Limited Tax GO Debt	General Drain Debt			
\$ 2,772,064	\$ -	\$ 1,749,390	\$ 3,138,531	\$ 2,999,923	\$ 2,963	\$ 4,412			
-	-	-	-	-	-	-			
-	-	-	-	1,618,082	-	-			
-	-	-	-	-	-	-			
-	-	-	41,548	-	-	-			
-	-	-	-	-	-	-			
27,701	106,554	-	-	-	-	-			
-	-	3,802,078	-	-	-	-			
-	1,226,344	-	-	-	-	-			
-	-	-	-	-	-	-			
<u>\$ 2,799,765</u>	<u>\$ 1,332,898</u>	<u>\$ 5,551,468</u>	<u>\$ 3,180,079</u>	<u>\$ 4,618,005</u>	<u>\$ 2,963</u>	<u>\$ 4,412</u>			
\$ 127,367	\$ 48,694	\$ 12,805	\$ 1,300,013	\$ 1,550,547	\$ -	\$ -			
-	-	-	21,537	-	-	-			
-	57,860	-	-	-	-	-			
-	-	-	-	-	-	-			
-	1,226,344	-	6,365	1,618,082	-	-			
<u>127,367</u>	<u>1,332,898</u>	<u>12,805</u>	<u>1,327,915</u>	<u>3,168,629</u>	<u>-</u>	<u>-</u>			
-	-	3,802,078	-	-	-	-			
2,672,398	-	1,736,585	1,852,164	-	-	4,412			
-	-	-	-	-	-	-			
-	-	-	-	1,449,376	2,963	-			
<u>2,672,398</u>	<u>-</u>	<u>1,736,585</u>	<u>1,852,164</u>	<u>1,449,376</u>	<u>2,963</u>	<u>4,412</u>			
<u>\$ 2,799,765</u>	<u>\$ 1,332,898</u>	<u>\$ 5,551,468</u>	<u>\$ 3,180,079</u>	<u>\$ 4,618,005</u>	<u>\$ 2,963</u>	<u>\$ 4,412</u>			

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Debt Service Funds		Capital Projects Funds	
	Voted Tax GO Debt	Road Bond Debt Retirement	General Improvements	Facility Improvements
<b>Assets</b>				
Cash and cash equivalents	\$ 76,132	\$ 11,541	\$ 9,375,116	\$ 8,597,930
Investments	-	-	2,014,580	-
Restricted assets, cash and investments	-	-	1,287,251	-
Receivables:				
Special assessment	-	344,042	61,154	-
Accounts	-	-	-	-
Accrued interest	-	23,569	14,288	-
Due from other governmental units	-	-	-	-
Opioid settlement	-	-	-	-
Loans	-	-	-	-
Prepays and other assets	-	-	-	-
<b>Total assets</b>	<u>\$ 76,132</u>	<u>\$ 379,152</u>	<u>\$ 12,752,389</u>	<u>\$ 8,597,930</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 1,158,951	\$ -
Accrued and other liabilities	-	-	18,595	-
Due to other funds	-	-	-	-
Cash bonds and deposits	-	-	152,513	-
Unearned revenue	-	-	1,287,251	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>2,617,310</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	229,361	357,825	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	76,132	149,791	1,054,313	-
Committed	-	-	-	-
Assigned	-	-	8,722,941	8,597,930
<b>Total fund balances</b>	<u>76,132</u>	<u>149,791</u>	<u>9,777,254</u>	<u>8,597,930</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 76,132</u>	<u>\$ 379,152</u>	<u>\$ 12,752,389</u>	<u>\$ 8,597,930</u>

**Capital Projects Funds**

<b>Clinton River Restoration</b>	<b>Land and Water Conservation</b>	<b>Road Bond Construction</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 12,910	\$ 38,860	\$ 2,022,252	\$ 41,541,405
-	-	-	5,875,260
-	-	-	2,905,333
-	-	-	436,073
-	-	-	136,562
-	-	-	46,482
-	-	-	3,668,884
-	-	-	3,802,078
-	-	-	1,226,344
-	-	592,250	4,420,886
<hr/>	<hr/>	<hr/>	<hr/>
<b>\$ 12,910</b>	<b>\$ 38,860</b>	<b>\$ 2,614,502</b>	<b>\$ 64,059,307</b>
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 46	\$ 4,800	\$ 7,476,930
-	-	-	307,059
-	-	-	57,860
-	1,386	-	747,140
-	-	-	4,177,133
<hr/>	<hr/>	<hr/>	<hr/>
-	1,432	4,800	12,766,122
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	4,417,766
<hr/>	<hr/>	<hr/>	<hr/>
-	-	592,250	4,420,886
-	-	2,017,452	21,546,397
-	37,428	-	37,428
<b>12,910</b>	<b>-</b>	<b>-</b>	<b>20,870,708</b>
<hr/>	<hr/>	<hr/>	<hr/>
<b>12,910</b>	<b>37,428</b>	<b>2,609,702</b>	<b>46,875,419</b>
<hr/>	<hr/>	<hr/>	<hr/>
<b>\$ 12,910</b>	<b>\$ 38,860</b>	<b>\$ 2,614,502</b>	<b>\$ 64,059,307</b>

concluded.

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Nonmajor Governmental Funds  
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Major Streets	Local Streets	Parks and Recreation	Indigent Defense
<b>Revenues</b>				
Taxes	\$ -	\$ 4,291,797	\$ 5,215,594	\$ -
Special assessments	-	2,375	-	-
Intergovernmental:				
Federal sources	-	919,119	4,250	-
State sources	12,373,462	4,886,696	1,223,483	692,540
Local sources	-	-	-	-
Charges for services	-	32,720	1,350,828	-
Interest and rentals	482,902	202,696	197,643	15,641
Other	297,887	1,413	104,420	-
<b>Total revenues</b>	<b>13,154,251</b>	<b>10,336,816</b>	<b>8,096,218</b>	<b>708,181</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
41A District court	-	-	-	708,181
Public safety	-	-	-	-
Public works	2,530,676	3,587,386	-	-
Recreation and culture	-	-	7,050,902	-
Debt service:				
Principal payments	-	-	1,860,000	-
Interest and paying agent fees	-	-	1,138,338	-
Capital outlay	4,513,780	7,265,466	245,681	-
<b>Total expenditures</b>	<b>7,044,456</b>	<b>10,852,852</b>	<b>10,294,921</b>	<b>708,181</b>
Revenues over (under) expenditures	6,109,795	(516,036)	(2,198,703)	-
<b>Other financing sources (uses)</b>				
Transfers in	1,000,000	-	3,247,900	-
Transfers out	(4,800,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,800,000)</b>	<b>-</b>	<b>3,247,900</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,309,795</b>	<b>(516,036)</b>	<b>1,049,197</b>	<b>-</b>
Fund balances, beginning of year, as previously reported	10,621,320	3,396,707	1,035,391	-
Change within financial reporting entity	-	-	-	-
Fund balances, beginning of year, as adjusted	10,621,320	3,396,707	1,035,391	-
<b>Fund balances, end of year</b>	<b>\$ 12,931,115</b>	<b>\$ 2,880,671</b>	<b>\$ 2,084,588</b>	<b>\$ -</b>

Special Revenue Funds						Debt Service Funds		
Public Safety Forfeiture	Community Development Block Grant	Opioid Settlement	Refuse/Recycling	American Rescue Plan Act	Limited Tax GO Debt	General Drain Debt		
\$ -	\$ -	\$ -	\$ 7,647,717	\$ -	\$ -	\$ -	\$ 599	
-	-	-	-	-	-	-	-	
341,542	939,247	-	-	7,985,497	-	-	-	
411,538	-	-	929,531	-	-	-	-	
-	-	-	595,967	-	-	-	-	
-	-	375,314	37,412	-	-	-	-	
140,297	-	79,824	214,535	449,628	93	166		
1,142	-	-	13,392	-	-	-	-	
<u>894,519</u>	<u>939,247</u>	<u>455,138</u>	<u>9,438,554</u>	<u>8,435,125</u>	<u>93</u>	<u>765</u>		
				258,724	1,000	-	-	
				-	-	-	-	
1,018,348	-	226,176	-	-	-	-	-	
-	383,907	-	8,271,249	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	1,760,000	-	-	
-	-	-	-	-	1,197,356	-	-	
<u>352,278</u>	<u>555,340</u>	<u>-</u>	<u>-</u>	<u>7,726,773</u>	<u>-</u>	<u>-</u>		
<u>1,370,626</u>	<u>939,247</u>	<u>226,176</u>	<u>8,271,249</u>	<u>7,985,497</u>	<u>2,958,356</u>	<u>-</u>		
<u>(476,107)</u>	<u>-</u>	<u>228,962</u>	<u>1,167,305</u>	<u>449,628</u>	<u>(2,958,263)</u>	<u>765</u>		
				2,958,400	-	-	-	
				-	-	-	-	
				-	-	2,958,400	-	
<u>(476,107)</u>	<u>-</u>	<u>228,962</u>	<u>1,167,305</u>	<u>449,628</u>	<u>137</u>	<u>765</u>		
<u>3,148,505</u>	<u>-</u>	<u>1,507,623</u>	<u>684,859</u>	<u>-</u>	<u>2,826</u>	<u>3,647</u>		
				999,748	-	-	-	
<u>3,148,505</u>	<u>-</u>	<u>1,507,623</u>	<u>684,859</u>	<u>999,748</u>	<u>2,826</u>	<u>3,647</u>		
<u>\$ 2,672,398</u>	<u>\$ -</u>	<u>\$ 1,736,585</u>	<u>\$ 1,852,164</u>	<u>\$ 1,449,376</u>	<u>\$ 2,963</u>	<u>\$ 4,412</u>		

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Nonmajor Governmental Funds  
For the Year Ended June 30, 2025

	Debt Service Funds		Capital Projects Funds	
	Voted Tax GO Debt	Road Bond Debt Retirement	General Improvements	Facility Improvements
<b>Revenues</b>				
Taxes	\$ (132)	\$ -	\$ -	\$ -
Special assessments	-	114,681	21,961	-
Intergovernmental:				
Federal sources	-	-	90,620	-
State sources	-	-	183,973	-
Local sources	-	-	1,051,343	-
Charges for services	-	-	-	-
Interest and rentals	3,302	2,868	568,174	184,420
Other	-	23,671	154,781	-
<b>Total revenues</b>	<b>3,170</b>	<b>141,220</b>	<b>2,070,852</b>	<b>184,420</b>
<b>Expenditures</b>				
Current:				
General government	-	2,850	-	-
41A District court	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation and culture	-	-	-	-
Debt service:				
Principal payments	-	3,685,000	-	-
Interest and paying agent fees	-	1,343,789	-	-
Capital outlay	-	-	8,173,202	-
<b>Total expenditures</b>	<b>-</b>	<b>5,031,639</b>	<b>8,173,202</b>	<b>-</b>
Revenues over (under) expenditures	3,170	(4,890,419)	(6,102,350)	184,420
<b>Other financing sources (uses)</b>				
Transfers in	-	4,800,000	5,804,200	4,000,000
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,800,000</b>	<b>5,804,200</b>	<b>4,000,000</b>
<b>Net change in fund balances</b>	<b>3,170</b>	<b>(90,419)</b>	<b>(298,150)</b>	<b>4,184,420</b>
Fund balances, beginning of year, as previously reported	72,962	240,210	10,075,404	4,413,510
Change within financial reporting entity	-	-	-	-
Fund balances, beginning of year, as adjusted	72,962	240,210	10,075,404	4,413,510
<b>Fund balances, end of year</b>	<b>\$ 76,132</b>	<b>\$ 149,791</b>	<b>\$ 9,777,254</b>	<b>\$ 8,597,930</b>

**STATEMENT OF CASH FLOWS**

<b>Capital Projects Funds</b>				
<b>Clinton River Restoration</b>	<b>Land and Water Conservation</b>	<b>Road Bond Construction</b>	<b>Total Nonmajor Governmental Funds</b>	
\$ -	\$ -	\$ -	\$ 17,155,575	
-	-	-	139,017	
-	-	-	10,280,275	
-	-	-	20,701,223	
-	-	-	1,647,310	
-	-	-	1,796,274	
-	2,103	148,226	2,692,518	
-	-	-	596,706	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	2,103	148,226	55,008,898	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	262,574	
-	-	-	708,181	
-	-	-	1,244,524	
-	-	-	14,773,218	
-	-	-	7,050,902	
-	-	-	7,305,000	
-	-	-	3,679,483	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	2,822,179	31,654,699	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	2,822,179	66,678,581	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	2,103	(2,673,953)	(11,669,683)	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	21,810,500	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	(4,800,000)	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	17,010,500	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	2,103	(2,673,953)	5,340,817	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
12,910	35,325	5,283,655	40,534,854	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	999,748	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
12,910	35,325	5,283,655	41,534,602	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 12,910	\$ 37,428	\$ 2,609,702	\$ 46,875,419	

concluded.

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - state sources	\$ 11,917,700	\$ 12,225,000	\$ 12,373,462	\$ 148,462
Interest and rentals	160,000	235,000	482,902	247,902
Other	<u>308,000</u>	<u>308,000</u>	<u>297,887</u>	<u>(10,113)</u>
<b>Total revenues</b>	<u>12,385,700</u>	<u>12,768,000</u>	<u>13,154,251</u>	<u>386,251</u>
<b>Expenditures</b>				
Current -				
Public works	2,663,100	2,663,100	2,530,676	(132,424)
Capital outlay	<u>7,840,000</u>	<u>16,056,110</u>	<u>4,513,780</u>	<u>(11,542,330)</u>
<b>Total expenditures</b>	<u>10,503,100</u>	<u>18,719,210</u>	<u>7,044,456</u>	<u>(11,674,754)</u>
Revenues over (under) expenditures	<u>1,882,600</u>	<u>(5,951,210)</u>	<u>6,109,795</u>	<u>12,061,005</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	<u>(4,800,000)</u>	<u>(4,800,000)</u>	<u>(4,800,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(3,800,000)</u>	<u>(3,800,000)</u>	<u>(3,800,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(1,917,400)</u>	<u>(9,751,210)</u>	<u>2,309,795</u>	<u>12,061,005</u>
Fund balance, beginning of year	<u>10,621,320</u>	<u>10,621,320</u>	<u>10,621,320</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 8,703,920</u>	<u>\$ 870,110</u>	<u>\$ 12,931,115</u>	<u>\$ 12,061,005</u>

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 4,328,000	\$ 4,278,350	\$ 4,291,797	\$ 13,447
Special assessments	2,200	2,200	2,375	175
Intergovernmental:				
Federal sources	-	900,000	919,119	19,119
State sources	4,561,450	4,830,200	4,886,696	56,496
Charges for services	50,000	29,050	32,720	3,670
Interest and rentals	57,000	185,000	202,696	17,696
Other	1,400	1,400	1,413	13
<b>Total revenues</b>	<b>9,000,050</b>	<b>10,226,200</b>	<b>10,336,816</b>	<b>110,616</b>
<b>Expenditures</b>				
Current -				
Public works	2,430,100	3,931,080	3,587,386	(343,694)
Capital outlay	5,500,000	7,802,310	7,265,466	(536,844)
<b>Total expenditures</b>	<b>7,930,100</b>	<b>11,733,390</b>	<b>10,852,852</b>	<b>(880,538)</b>
<b>Net change in fund balance</b>	<b>1,069,950</b>	<b>(1,507,190)</b>	<b>(516,036)</b>	<b>991,154</b>
Fund balance, beginning of year	3,396,707	3,396,707	3,396,707	-
<b>Fund balance, end of year</b>	<b>\$ 4,466,657</b>	<b>\$ 1,889,517</b>	<b>\$ 2,880,671</b>	<b>\$ 991,154</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Parks and Recreation Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 5,252,000	\$ 5,193,500	\$ 5,215,594	\$ 22,094
Intergovernmental:				
Federal sources	2,000	4,650	4,250	(400)
State sources	558,100	901,200	1,223,483	322,283
Charges for services	1,369,250	1,369,250	1,350,828	(18,422)
Interest and rentals	100,000	195,000	197,643	2,643
Other	87,000	93,850	104,420	10,570
<b>Total revenues</b>	<b>7,368,350</b>	<b>7,757,450</b>	<b>8,096,218</b>	<b>338,768</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	7,271,650	7,150,550	7,050,902	(99,648)
Debt service:				
Principal payments	1,860,000	1,860,000	1,860,000	-
Interest and paying agent fees	1,138,350	1,138,350	1,138,338	(12)
Capital outlay	454,000	777,380	245,681	(531,699)
<b>Total expenditures</b>	<b>10,724,000</b>	<b>10,926,280</b>	<b>10,294,921</b>	<b>(631,359)</b>
Revenues over (under) expenditures	(3,355,650)	(3,168,830)	(2,198,703)	970,127
<b>Other financing sources</b>				
Transfers in	3,247,900	3,247,900	3,247,900	-
<b>Net change in fund balance</b>	<b>(107,750)</b>	<b>79,070</b>	<b>1,049,197</b>	<b>970,127</b>
Fund balance, beginning of year	<u>1,035,391</u>	<u>1,035,391</u>	<u>1,035,391</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 927,641</b>	<b>\$ 1,114,461</b>	<b>\$ 2,084,588</b>	<b>\$ 970,127</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Indigent Defense Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - state sources	\$ 789,800	\$ 669,000	\$ 692,540	\$ 23,540
Interest and rentals	<u>10,000</u>	<u>10,000</u>	<u>15,641</u>	<u>5,641</u>
<b>Total revenues</b>	<b>799,800</b>	<b>679,000</b>	<b>708,181</b>	<b>29,181</b>
<b>Expenditures</b>				
Current -				
41A District court	799,800	679,000	708,181	29,181
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Public Safety Forfeiture Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal sources	\$ -	\$ 301,800	\$ 341,542	\$ 39,742
State sources	42,800	363,850	411,538	47,688
Interest and rentals	101,900	115,500	140,297	24,797
Other	-	910	1,142	232
<b>Total revenues</b>	<b>144,700</b>	<b>782,060</b>	<b>894,519</b>	<b>112,459</b>
<b>Expenditures</b>				
Current -				
Public safety	699,450	1,150,370	1,018,348	(132,022)
Capital outlay	91,050	672,550	352,278	(320,272)
<b>Total expenditures</b>	<b>790,500</b>	<b>1,822,920</b>	<b>1,370,626</b>	<b>(452,294)</b>
<b>Net change in fund balance</b>	<b>(645,800)</b>	<b>(1,040,860)</b>	<b>(476,107)</b>	<b>564,753</b>
Fund balance, beginning of year	3,148,505	3,148,505	3,148,505	-
<b>Fund balance, end of year</b>	<b>\$ 2,502,705</b>	<b>\$ 2,107,645</b>	<b>\$ 2,672,398</b>	<b>\$ 564,753</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Community Development Block Grant Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - federal sources	\$ 1,095,950	\$ 1,585,000	\$ 939,247	\$ (645,753)
<b>Expenditures</b>				
Current -				
Public works	735,700	810,250	383,907	(426,343)
Capital outlay	360,250	774,750	555,340	(219,410)
<b>Total expenditures</b>	<b>1,095,950</b>	<b>1,585,000</b>	<b>939,247</b>	<b>(645,753)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Opioid Settlement Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 114,200	\$ 114,200	\$ 375,314	\$ 261,114
Interest and rentals	<u>28,000</u>	<u>28,000</u>	<u>79,824</u>	<u>51,824</u>
<b>Total revenues</b>	<b>142,200</b>	<b>142,200</b>	<b>455,138</b>	<b>312,938</b>
<b>Expenditures</b>				
Current -				
Public safety	<u>125,000</u>	<u>287,410</u>	<u>226,176</u>	<u>(61,234)</u>
<b>Net change in fund balance</b>	<b>17,200</b>	<b>(145,210)</b>	<b>228,962</b>	<b>374,172</b>
Fund balance, beginning of year	<u>1,507,623</u>	<u>1,507,623</u>	<u>1,507,623</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 1,524,823</u></b>	<b><u>\$ 1,362,413</u></b>	<b><u>\$ 1,736,585</u></b>	<b><u>\$ 374,172</u></b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Refuse/Recycling Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 7,667,000	\$ 7,660,000	\$ 7,647,717	\$ (12,283)
Intergovernmental:				
State sources	449,900	929,500	929,531	31
Local sources	-	532,800	595,967	63,167
Charges for services	35,000	20,000	37,412	17,412
Interest and rentals	-	215,000	214,535	(465)
Other	-	15,350	13,392	(1,958)
<b>Total revenues</b>	<b>8,151,900</b>	<b>9,372,650</b>	<b>9,438,554</b>	<b>65,904</b>
<b>Expenditures</b>				
Current -				
Public works	<u>8,118,050</u>	<u>8,283,510</u>	<u>8,271,249</u>	<u>(12,261)</u>
<b>Net change in fund balance</b>	<b>33,850</b>	<b>1,089,140</b>	<b>1,167,305</b>	<b>78,165</b>
Fund balance, beginning of year	<u>684,859</u>	<u>684,859</u>	<u>684,859</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 718,709</b>	<b>\$ 1,773,999</b>	<b>\$ 1,852,164</b>	<b>\$ 78,165</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - American Rescue Plan Act Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - federal sources	\$ -	\$ 9,603,580	\$ 7,985,497	\$ (1,618,083)
Interest and rentals	<u>120,000</u>	<u>400,000</u>	<u>449,628</u>	<u>49,628</u>
<b>Total revenues</b>	<u>120,000</u>	<u>10,003,580</u>	<u>8,435,125</u>	<u>(1,568,455)</u>
<b>Expenditures</b>				
Current:				
General government	-	258,730	258,724	(6)
Capital outlay	-	<u>10,537,120</u>	<u>7,726,773</u>	<u>(2,810,347)</u>
<b>Total expenditures</b>	<u>-</u>	<u>10,795,850</u>	<u>7,985,497</u>	<u>(2,810,353)</u>
<b>Net change in fund balance</b>	<u>120,000</u>	<u>(792,270)</u>	<u>449,628</u>	<u>1,241,898</u>
Fund balance, beginning of year	<u>999,748</u>	<u>999,748</u>	<u>999,748</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,119,748</u></u>	<u><u>\$ 207,478</u></u>	<u><u>\$ 1,449,376</u></u>	<u><u>\$ 1,241,898</u></u>

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Limited Tax GO Debt Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ 3,400	\$ 3,400	\$ 93	\$ (3,307)
<b>Expenditures</b>				
Current:				
General government	1,000	1,000	1,000	-
Debt service:				
Principal payments	1,760,000	1,760,000	1,760,000	-
Interest and paying agent fees	1,197,400	1,197,400	1,197,356	(44)
<b>Total expenditures</b>	<b>2,958,400</b>	<b>2,958,400</b>	<b>2,958,356</b>	<b>(44)</b>
Revenues over (under) expenditures	(2,955,000)	(2,955,000)	(2,958,263)	(3,263)
<b>Other financing sources</b>				
Transfers in	2,958,400	2,958,400	2,958,400	-
<b>Net change in fund balance</b>	<b>3,400</b>	<b>3,400</b>	<b>137</b>	<b>(3,263)</b>
Fund balance, beginning of year	2,826	2,826	2,826	-
<b>Fund balance, end of year</b>	<b>\$ 6,226</b>	<b>\$ 6,226</b>	<b>\$ 2,963</b>	<b>\$ (3,263)</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - General Drain Debt Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 600	\$ 600	\$ 599	\$ (1)
Interest and rentals	<u>100</u>	<u>100</u>	<u>166</u>	<u>66</u>
<b>Net change in fund balance</b>	<b>700</b>	<b>700</b>	<b>765</b>	<b>65</b>
Fund balance, beginning of year	<u>3,647</u>	<u>3,647</u>	<u>3,647</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 4,347</b>	<b>\$ 4,347</b>	<b>\$ 4,412</b>	<b>\$ 65</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Voted Tax GO Debt Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ (700)	\$ (700)	\$ (132)	\$ 568
Interest and rentals	<u>1,650</u>	<u>1,650</u>	<u>3,302</u>	<u>1,652</u>
<b>Net change in fund balance</b>	<b>950</b>	<b>950</b>	<b>3,170</b>	<b>2,220</b>
Fund balance, beginning of year	<u>72,962</u>	<u>72,962</u>	<u>72,962</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 73,912</b>	<b>\$ 73,912</b>	<b>\$ 76,132</b>	<b>\$ 2,220</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Road Bond Debt Retirement Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 114,700	\$ 114,700	\$ 114,681	\$ (19)
Interest and rentals	13,200	13,200	2,868	(10,332)
Other	<u>29,500</u>	<u>29,500</u>	<u>23,671</u>	<u>(5,829)</u>
<b>Total revenues</b>	<b><u>157,400</u></b>	<b><u>157,400</u></b>	<b><u>141,220</u></b>	<b><u>(16,180)</u></b>
<b>Expenditures</b>				
Current:				
General government	2,850	2,850	2,850	-
Debt service:				
Principal payments	3,685,000	3,685,000	3,685,000	-
Interest and paying agent fees	<u>1,343,850</u>	<u>1,343,850</u>	<u>1,343,789</u>	<u>(61)</u>
<b>Total expenditures</b>	<b><u>5,031,700</u></b>	<b><u>5,031,700</u></b>	<b><u>5,031,639</u></b>	<b><u>(61)</u></b>
Revenues over (under) expenditures	(4,874,300)	(4,874,300)	(4,890,419)	(16,119)
<b>Other financing sources</b>				
Transfers in	<u>4,800,000</u>	<u>4,800,000</u>	<u>4,800,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<b><u>(74,300)</u></b>	<b><u>(74,300)</u></b>	<b><u>(90,419)</u></b>	<b><u>(16,119)</u></b>
Fund balance, beginning of year	<u>240,210</u>	<u>240,210</u>	<u>240,210</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 165,910</u></b>	<b><u>\$ 165,910</u></b>	<b><u>\$ 149,791</u></b>	<b><u>\$ (16,119)</u></b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - General Improvements Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 29,000	\$ 29,000	\$ 21,961	\$ (7,039)
Intergovernmental:				
Federal sources	-	1,691,700	90,620	(1,601,080)
State sources	-	1,353,500	183,973	(1,169,527)
Local sources	100,000	100,000	1,051,343	951,343
Interest and rentals	265,800	450,000	568,174	118,174
Other	<u>1,205,000</u>	<u>1,354,140</u>	<u>154,781</u>	<u>(1,199,359)</u>
<b>Total revenues</b>	<b>1,599,800</b>	<b>4,978,340</b>	<b>2,070,852</b>	<b>(2,907,488)</b>
<b>Expenditures</b>				
Capital outlay	<u>6,752,600</u>	<u>17,079,000</u>	<u>8,173,202</u>	<u>(8,905,798)</u>
Revenues over (under) expenditures	(5,152,800)	(12,100,660)	(6,102,350)	5,998,310
<b>Other financing sources</b>				
Transfers in	<u>5,804,200</u>	<u>5,804,200</u>	<u>5,804,200</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>651,400</b>	<b>(6,296,460)</b>	<b>(298,150)</b>	<b>5,998,310</b>
Fund balance, beginning of year	<u>10,075,404</u>	<u>10,075,404</u>	<u>10,075,404</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 10,726,804</b>	<b>\$ 3,778,944</b>	<b>\$ 9,777,254</b>	<b>\$ 5,998,310</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Facilities Improvements Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ -	\$ 90,000	\$ 184,420	\$ 94,420
<b>Other financing sources</b>				
Transfers in	<u>\$ -</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>\$ -</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>4,090,000</u>	<u>4,184,420</u>	<u>94,420</u>
Fund balance, beginning of year	<u>\$ 4,413,510</u>	<u>4,413,510</u>	<u>4,413,510</u>	<u>\$ -</u>
<b>Fund balance, end of year</b>	<b><u>\$ 4,413,510</u></b>	<b><u>\$ 8,503,510</u></b>	<b><u>\$ 8,597,930</u></b>	<b><u>\$ 94,420</u></b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Land and Water Conservation Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ 1,500	\$ 1,500	\$ 2,103	\$ 603
Fund balance, beginning of year	<u>\$ 35,325</u>	<u>\$ 35,325</u>	<u>\$ 35,325</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 36,825</u></b>	<b><u>\$ 36,825</u></b>	<b><u>\$ 37,428</u></b>	<b><u>\$ 603</u></b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Road Bond Construction Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ 100,000	\$ 100,000	\$ 148,226	\$ 48,226
<b>Expenditures</b>				
Capital outlay	<u>2,000,000</u>	<u>5,088,860</u>	<u>2,822,179</u>	<u>(2,266,681)</u>
<b>Net change in fund balance</b>	<b>(1,900,000)</b>	<b>(4,988,860)</b>	<b>(2,673,953)</b>	<b>2,314,907</b>
Fund balance, beginning of year	<u>5,283,655</u>	<u>5,283,655</u>	<u>5,283,655</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 3,383,655</u></b>	<b><u>\$ 294,795</u></b>	<b><u>\$ 2,609,702</u></b>	<b><u>\$ 2,314,907</u></b>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

June 30, 2025

	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,715,189	\$ 5,488,776	\$ 4,626,777	\$ 12,830,742
Investments:				
Municipal bonds	-	96,183	-	96,183
Government securities	9,370,276	21,007,972	14,069,949	44,448,197
Mutual funds	13,464,371	42,041,068	17,920,237	73,425,676
Common and preferred stock	70,186,194	153,834,222	126,414,626	350,435,042
Corporate bonds	6,370,482	11,350,385	9,596,526	27,317,393
Private real estate	8,305,428	24,238,080	13,902,872	46,446,380
Hedge funds	1,858,707	4,042,687	2,462,786	8,364,180
Receivables	70,390	-	31,085	101,475
<b>Total assets</b>	<u>112,341,037</u>	<u>262,099,373</u>	<u>189,024,858</u>	<u>563,465,268</u>
<b>Liabilities</b>				
Accounts payable	122,521	403,708	500,699	1,026,928
Accrued and other liabilities	-	-	174,038	174,038
Provisions for claims	-	-	1,391,730	1,391,730
<b>Total liabilities</b>	<u>122,521</u>	<u>403,708</u>	<u>2,066,467</u>	<u>2,592,696</u>
<b>Net position</b>				
Restricted for:				
Pension	112,218,516	261,695,665	-	373,914,181
Other postemployment benefits	-	-	186,958,391	186,958,391
<b>Total net position</b>	<u>\$ 112,218,516</u>	<u>\$ 261,695,665</u>	<u>\$ 186,958,391</u>	<u>\$ 560,872,572</u>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Year Ended June 30, 2025

	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
<b>Additions</b>				
Contributions:				
Employer	\$ 4,486,600	\$ 14,765,699	\$ 7,166,400	\$ 26,418,699
Plan members	416,957	3,045,985	356,231	3,819,173
Employee service purchases	-	182,216	-	182,216
Other	740	-	-	740
<b>Total contributions</b>	<b>4,904,297</b>	<b>17,993,900</b>	<b>7,522,631</b>	<b>30,420,828</b>
Investment earnings:				
Net change in fair value of investments	8,616,524	21,189,348	15,938,721	45,744,593
Interest	37,377	237,620	21,390	296,387
Dividends	3,302,948	6,579,411	5,356,682	15,239,041
Total investment income	11,956,849	28,006,379	21,316,793	61,280,021
Less: investment expenses	(609,349)	(1,567,928)	(995,822)	(3,173,099)
<b>Net investment income</b>	<b>11,347,500</b>	<b>26,438,451</b>	<b>20,320,971</b>	<b>58,106,922</b>
<b>Total additions</b>	<b>16,251,797</b>	<b>44,432,351</b>	<b>27,843,602</b>	<b>88,527,750</b>
<b>Deductions</b>				
Benefit payments	11,514,203	27,387,292	11,290,761	50,192,256
Refunds of contributions	121,551	1,480,468	-	1,602,019
Administrative expenses	-	121,923	-	121,923
<b>Total deductions</b>	<b>11,635,754</b>	<b>28,989,683</b>	<b>11,290,761</b>	<b>51,916,198</b>
<b>Change in net position</b>	<b>4,616,043</b>	<b>15,442,668</b>	<b>16,552,841</b>	<b>36,611,552</b>
Net position, beginning of year	107,602,473	246,252,997	170,405,550	524,261,020
<b>Net position, end of year</b>	<b>\$ 112,218,516</b>	<b>\$ 261,695,665</b>	<b>\$ 186,958,391</b>	<b>\$ 560,872,572</b>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2025

	Tax Receiving	District Court	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 3,522	\$ 3,522
<b>Liabilities</b>			
Due to other governments	-\$ -	3,522	3,522
<b>Net position</b>			
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ -

# CITY OF STERLING HEIGHTS, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2025

	Tax Receiving	District Court	Total
<b>Additions</b>			
Taxes collected for other governments	\$ 173,654,914	\$ -	\$ 173,654,914
Court fees collected for other governments	<u>-</u>	<u>1,009,148</u>	<u>1,009,148</u>
<b>Total additions</b>	<u>173,654,914</u>	<u>1,009,148</u>	<u>174,664,062</u>
<b>Deductions</b>			
Payments of taxes to other governments	173,654,914	<u>-</u>	173,654,914
Court fees distributed to other governments	<u>-</u>	<u>1,009,148</u>	<u>1,009,148</u>
<b>Total deductions</b>	<u>173,654,914</u>	<u>1,009,148</u>	<u>174,664,062</u>
<b>Change in net position</b>			
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Combining Balance Sheet

Component Units  
June 30, 2025

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Assets</b>					
Cash and cash equivalents	\$ 1,621,986	\$ 3,487,496	\$ 2,351	\$ 129,184	\$ 5,241,017
Receivables:					
Accounts	-	68,083	-	-	68,083
Prepays and other assets	42,859	-	-	-	42,859
Inventories	295,800	-	-	-	295,800
<b>Total assets</b>	<b>\$ 1,960,645</b>	<b>\$ 3,555,579</b>	<b>\$ 2,351</b>	<b>\$ 129,184</b>	<b>\$ 5,647,759</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 94,309	\$ -	\$ -	\$ 94,309
Cash bonds and deposits	-	53,520	-	-	53,520
Unearned revenue	-	60,452	-	-	60,452
<b>Total liabilities</b>	<b>-</b>	<b>208,281</b>	<b>-</b>	<b>-</b>	<b>208,281</b>
<b>Fund balances</b>					
Nonspendable	338,659	-	-	-	338,659
Unassigned	1,621,986	3,347,298	2,351	129,184	5,100,819
<b>Total fund balances</b>	<b>1,960,645</b>	<b>3,347,298</b>	<b>2,351</b>	<b>129,184</b>	<b>5,439,478</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,960,645</b>	<b>\$ 3,555,579</b>	<b>\$ 2,351</b>	<b>\$ 129,184</b>	<b>\$ 5,647,759</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Reconciliation

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

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Fund balances for component units</b>	\$ 1,960,645	\$ 3,347,298	\$ 2,351	\$ 129,184	\$ 5,439,478
Amounts reported for <i>component units</i> 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 fund statement.					
Capital assets not being depreciated	-	1,212,203		-	1,212,203
Capital assets, net of accumulated depreciation	-	5,157,290	-	-	5,157,290
<b>Net position for component units</b>	<u>\$ 1,960,645</u>	<u>\$ 9,716,791</u>	<u>\$ 2,351</u>	<u>\$ 129,184</u>	<u>\$ 11,808,971</u>

**CITY OF STERLING HEIGHTS, MICHIGAN**

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

Component Units

For the Year Ended June 30, 2025

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Revenues</b>					
Taxes	\$ 353,238	\$ 1,898,536	\$ -	\$ 768,812	\$ 3,020,586
Intergovernmental:					
State sources	-	1,063,939	-	-	1,063,939
Local sources	-	250,000	-	-	250,000
Investment income	70,299	162,210	102	33,425	266,036
Other	-	442,552	-	50,000	492,552
<b>Total revenues</b>	<b>423,537</b>	<b>3,817,237</b>	<b>102</b>	<b>852,237</b>	<b>5,093,113</b>
<b>Expenditures</b>					
Current -					
Community and economic development	67,508	2,339,110	-	768,812	3,175,430
<b>Change in fund balances</b>	<b>356,029</b>	<b>1,478,127</b>	<b>102</b>	<b>83,425</b>	<b>1,917,683</b>
Fund balances, beginning of year	1,604,616	1,869,171	2,249	45,759	3,521,795
<b>Fund balances, end of year</b>	<b>\$ 1,960,645</b>	<b>\$ 3,347,298</b>	<b>\$ 2,351</b>	<b>\$ 129,184</b>	<b>\$ 5,439,478</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Reconciliation

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

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Net change in fund balances - component units</b>	\$ 356,029	\$ 1,478,127	\$ 102	\$ 83,425	\$ 1,917,683
Amounts reported for <i>component units</i> in the statement of activities are different because:					
Governmental funds report capital outlays as expenditures.					
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.					
Capital assets purchased/constructed	-	59,955	-	-	59,955
Depreciation expense	-	(276,708)	-	-	(276,708)
<b>Change in net position of component units</b>	<u>\$ 356,029</u>	<u>\$ 1,261,374</u>	<u>\$ 102</u>	<u>\$ 83,425</u>	<u>\$ 1,700,930</u>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Corridor Improvement Authority

Component Unit

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 375,000	\$ 375,000	\$ 353,238	\$ (21,762)
Investment income	45,000	45,000	70,299	25,299
<b>Total revenues</b>	<b>420,000</b>	<b>420,000</b>	<b>423,537</b>	<b>3,537</b>
<b>Expenditures</b>				
Current -				
Community and economic development	40,000	140,770	67,508	(73,262)
<b>Net change in fund balance</b>	<b>380,000</b>	<b>279,230</b>	<b>356,029</b>	<b>76,799</b>
Fund balance, beginning of year	<u>1,604,616</u>	<u>1,604,616</u>	<u>1,604,616</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 1,984,616</u></b>	<b><u>\$ 1,883,846</u></b>	<b><u>\$ 1,960,645</u></b>	<b><u>\$ 76,799</u></b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Local Development Finance Authority

Component Unit

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 1,902,550	\$ 1,902,550	\$ 1,898,536	\$ (4,014)
Intergovernmental:				
Federal sources	600,000	-	-	-
State sources	-	1,570,000	1,063,939	(506,061)
Local sources	120,000	-	250,000	250,000
Investment income	94,000	157,000	162,210	5,210
Other	291,000	415,000	442,552	27,552
<b>Total revenues</b>	<b>3,007,550</b>	<b>4,044,550</b>	<b>3,817,237</b>	<b>(227,313)</b>
<b>Expenditures</b>				
Current -				
Community and economic development	2,215,400	4,469,320	2,339,110	(2,130,210)
<b>Net change in fund balance</b>	<b>792,150</b>	<b>(424,770)</b>	<b>1,478,127</b>	<b>1,902,897</b>
Fund balance, beginning of year	1,869,171	1,869,171	1,869,171	-
<b>Fund balance, end of year</b>	<b>\$ 2,661,321</b>	<b>\$ 1,444,401</b>	<b>\$ 3,347,298</b>	<b>\$ 1,902,897</b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Economic Development Authority

Component Unit

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 102	\$ 102
Fund balance, beginning of year	<u>\$ 2,249</u>	<u>\$ 2,249</u>	<u>\$ 2,249</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 2,249</u></b>	<b><u>\$ 2,249</u></b>	<b><u>\$ 2,351</u></b>	<b><u>\$ 102</u></b>

## CITY OF STERLING HEIGHTS, MICHIGAN

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

Budget and Actual - Brownfield Redevelopment Authority

Component Unit

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 765,350	\$ 768,800	\$ 768,812	\$ 12
Investment income	19,150	36,000	33,425	(2,575)
Other	-	-	50,000	50,000
<b>Total revenues</b>	<b>784,500</b>	<b>804,800</b>	<b>852,237</b>	<b>47,437</b>
<b>Expenditures</b>				
Current -				
Community and economic development	767,850	768,850	768,812	(38)
<b>Net change in fund balance</b>	<b>16,650</b>	<b>35,950</b>	<b>83,425</b>	<b>47,475</b>
Fund balance, beginning of year	45,759	45,759	45,759	-
<b>Fund balance, end of year</b>	<b>\$ 62,409</b>	<b>\$ 81,709</b>	<b>\$ 129,184</b>	<b>\$ 47,475</b>

## **STATISTICAL SECTION**

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# CITY OF STERLING HEIGHTS, MICHIGAN

## Statistical Section Table of Contents

This part of the City's 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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Net Position by Component

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2016	2017	2018 (1)	2019
<b>Governmental activities</b>				
Net investment in capital assets	\$ 172,609,179	\$ 141,192,833	\$ 193,873,282	\$ 207,285,272
Restricted	8,325,564	52,219,283	10,222,676	17,743,175
Unrestricted (deficit)	(110,411,191)	(114,623,816)	(203,205,414)	(200,071,465)
<b>Total governmental activities net position</b>	<b>\$ 70,523,552</b>	<b>\$ 78,788,300</b>	<b>\$ 890,544</b>	<b>\$ 24,956,982</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 119,117,466	\$ 109,551,411	\$ 113,751,804	\$ 113,701,480
Restricted	1,307,099	10,193,185	3,008,771	2,459,517
Unrestricted	14,617,172	12,974,017	7,879,223	6,537,347
<b>Total business-type activities net position</b>	<b>\$ 135,041,737</b>	<b>\$ 132,718,613</b>	<b>\$ 124,639,798</b>	<b>\$ 122,698,344</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 291,726,645	\$ 250,744,244	\$ 307,625,086	\$ 320,986,752
Restricted	9,632,663	62,412,468	13,231,447	20,202,692
Unrestricted (deficit)	(95,794,019)	(101,649,799)	(195,326,191)	(193,534,118)
<b>Total primary government net position</b>	<b>\$ 205,565,289</b>	<b>\$ 211,506,913</b>	<b>\$ 125,530,342</b>	<b>\$ 147,655,326</b>

(1) GASB No. 75 was implemented with the fiscal year ended June 30, 2018. Prior years were not restated.

(2) GASB No. 101 was implemented with the fiscal year ended June 30, 2025. Prior years were not restated.

UNAUDITED

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025 (2)
\$ 233,489,857	\$ 247,550,798	\$ 252,451,250	\$ 264,033,525	\$ 278,232,574	\$ 297,932,238
11,579,485	12,414,891	17,539,690	14,209,089	28,484,366	26,000,314
(209,465,303)	(194,211,633)	(200,311,062)	(181,568,791)	(171,577,093)	(151,540,912)
<u>\$ 35,604,039</u>	<u>\$ 65,754,056</u>	<u>\$ 69,679,878</u>	<u>\$ 96,673,823</u>	<u>\$ 135,139,847</u>	<u>\$ 172,391,640</u>
\$ 111,234,487	\$ 100,816,622	\$ 106,623,230	\$ 112,111,579	\$ 117,064,499	\$ 122,450,201
3,816,286	16,102,118	9,184,883	13,156,905	12,413,205	12,581,123
4,555,149	7,761,073	6,045,931	6,422,104	4,131,491	4,134,962
<u>\$ 119,605,922</u>	<u>\$ 124,679,813</u>	<u>\$ 121,854,044</u>	<u>\$ 131,690,588</u>	<u>\$ 133,609,195</u>	<u>\$ 139,166,286</u>
\$ 344,724,344	\$ 348,367,420	\$ 359,074,480	\$ 376,145,104	\$ 395,297,073	\$ 420,382,439
15,395,771	28,517,009	26,724,573	27,365,994	40,897,571	38,581,437
(204,910,154)	(186,450,560)	(194,265,131)	(175,146,687)	(167,445,602)	(147,405,950)
<u>\$ 155,209,961</u>	<u>\$ 190,433,869</u>	<u>\$ 191,533,922</u>	<u>\$ 228,364,411</u>	<u>\$ 268,749,042</u>	<u>\$ 311,557,926</u>

## CITY OF STERLING HEIGHTS, MICHIGAN

### Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental activities:				
General government	\$ 7,351,777	\$ 8,060,141	\$ 7,267,842	\$ 14,396,969
District Court	3,877,503	4,126,604	3,728,890	3,762,089
Public safety	55,117,055	55,632,517	54,397,264	58,518,653
Public works	28,014,220	26,282,093	29,961,490	21,642,326
Recreation and culture	5,735,889	6,624,266	6,343,690	7,411,196
Interest on long-term liabilities	514,247	675,198	2,496,423	3,628,285
Total governmental activities expenses	<u>100,610,691</u>	<u>101,400,819</u>	<u>104,195,599</u>	<u>109,359,518</u>
Business-type activities - Water and sewer	<u>49,351,047</u>	<u>52,082,635</u>	<u>55,599,159</u>	<u>54,411,558</u>
<b>Total primary government expenses</b>	<b><u>149,961,738</u></b>	<b><u>153,483,454</u></b>	<b><u>159,794,758</u></b>	<b><u>163,771,076</u></b>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	3,227,800	3,441,658	2,378,747	2,538,972
41A District Court	2,692,034	2,604,583	2,908,337	3,079,738
Public safety	1,633,571	1,656,530	2,679,269	4,730,272
Public works	3,189,189	3,596,813	3,443,958	3,359,102
Recreation and culture	733,620	752,883	574,725	862,525
Total charges for services	<u>11,476,214</u>	<u>12,052,467</u>	<u>11,985,036</u>	<u>14,570,609</u>
Operating grants and contributions	4,048,708	6,618,802	9,931,126	11,315,298
Capital grants and contributions	8,553,786	16,135,905	14,316,813	14,537,254
Total governmental activities program revenue	<u>24,078,708</u>	<u>34,807,174</u>	<u>36,232,975</u>	<u>40,423,161</u>
Business-type activities:				
Charges for services	40,026,642	45,917,303	50,589,347	49,231,779
Operating grants and contributions	96,712	-	559,609	565,149
Capital grants and contributions	5,014,380	3,906,683	3,100,357	1,986,596
Total business-type activities program revenue	<u>45,137,734</u>	<u>49,823,986</u>	<u>54,249,313</u>	<u>51,783,524</u>
<b>Total primary government program revenues</b>	<b><u>69,216,442</u></b>	<b><u>84,631,160</u></b>	<b><u>90,482,288</u></b>	<b><u>92,206,685</u></b>
<b>General revenues:</b>				
Governmental activities:				
Property taxes	64,036,721	60,946,929	66,282,454	72,772,592
State-shared revenues	10,694,421	11,259,947	11,784,623	12,162,566
Investment earnings	886,403	71,918	1,454,230	3,176,376
Cable franchise fees	-	-	2,414,752	2,329,624
Other	2,595,396	2,579,599	1,883,080	2,561,637
Total governmental activities	<u>78,212,941</u>	<u>74,858,393</u>	<u>83,819,139</u>	<u>93,002,795</u>
Business-type activities:				
Investment earnings	676,162	(64,475)	35,247	686,580
Gain on sale of capital assets	-	-	-	-
Total business-type activities	<u>676,162</u>	<u>(64,475)</u>	<u>35,247</u>	<u>686,580</u>
<b>Total primary government general revenue</b>	<b><u>78,889,103</u></b>	<b><u>74,793,918</u></b>	<b><u>83,854,386</u></b>	<b><u>93,689,375</u></b>
<b>Change in net position</b>				
Governmental activities	1,680,958	8,264,748	15,856,515	24,066,438
Business-type activities	(3,537,151)	(2,323,124)	(1,314,599)	(1,941,454)
<b>Total primary government</b>	<b><u>\$ (1,856,193)</u></b>	<b><u>\$ 5,941,624</u></b>	<b><u>\$ 14,541,916</u></b>	<b><u>\$ 22,124,984</u></b>

## UNAUDITED

|--|--|--|--|--|--|--|

Fiscal Year Ended June 30,						
2020	2021	2022	2023	2024	2025	
\$ 16,349,557	\$ 14,487,942	\$ 16,824,449	\$ 17,901,375	\$ 9,880,105	\$ 11,114,318	
4,103,248	3,351,572	4,780,581	4,332,387	4,632,788	5,033,511	
65,604,864	56,874,610	72,686,196	70,551,104	69,089,402	70,351,885	
21,430,495	20,805,200	26,530,983	24,441,506	31,434,521	37,016,474	
8,860,964	9,603,947	11,704,479	11,876,111	13,375,798	13,256,660	
3,540,056	3,305,989	3,283,639	3,519,661	3,157,646	2,816,920	
119,889,184	108,429,260	135,810,327	132,622,144	131,570,260	139,589,768	
<u>56,529,468</u>	<u>54,962,880</u>	<u>58,964,138</u>	<u>58,799,172</u>	<u>59,445,422</u>	<u>60,769,607</u>	
<u>176,418,652</u>	<u>163,392,140</u>	<u>194,774,465</u>	<u>191,421,316</u>	<u>191,015,682</u>	<u>200,359,375</u>	

2,516,764	2,785,584	3,031,456	3,249,159	5,864,894	2,397,326
1,890,130	1,452,870	1,940,087	2,797,889	2,531,270	2,562,885
4,580,155	4,052,332	4,642,445	8,322,955	6,270,468	5,999,481
3,260,383	3,046,608	3,444,596	2,841,568	9,260,797	10,555,757
628,802	611,981	1,026,152	1,238,028	1,352,644	1,483,139
12,876,234	11,949,375	14,084,736	18,449,599	25,280,073	22,998,588
10,376,070	16,793,437	12,138,713	15,877,906	26,224,329	27,822,004
15,244,980	15,668,776	17,341,628	20,576,994	4,272,552	9,443,736
38,497,284	44,411,588	43,565,077	54,904,499	55,776,954	60,264,328

50,351,649	58,984,621	54,238,528	57,508,595	56,129,351	59,416,004
875,241	-	-	-	-	-
1,871,557	994,297	1,954,602	10,567,931	3,716,754	5,596,037
53,098,447	59,978,918	56,193,130	68,076,526	59,846,105	65,012,041
91,595,731	104,390,506	99,758,207	122,981,025	115,623,059	125,276,369

72,130,241	74,319,939	78,406,913	81,474,109	87,715,017	93,981,744
12,677,603	14,499,046	16,288,653	16,490,679	15,685,869	16,034,137
2,220,455	762,914	(2,626,093)	1,851,094	6,355,569	6,494,548
2,227,827	2,218,739	2,114,490	1,982,585	1,763,682	1,521,912
2,782,831	2,367,051	1,987,109	2,913,123	2,739,193	1,820,791
92,038,957	94,167,689	96,171,072	104,711,590	114,259,330	119,853,132

338,599	57,853	(54,761)	559,190	1,425,139	1,378,140
-	-	-	-	92,785	47,775
338,599	57,853	(54,761)	559,190	1,517,924	1,425,915
92,377,556	94,225,542	96,116,311	105,270,780	115,777,254	121,279,047

10,647,057	30,150,017	3,925,822	26,993,945	38,466,024	40,527,692
(3,092,422)	5,073,891	(2,825,769)	9,836,544	1,918,607	5,668,349
<u>\$ 7,554,635</u>	<u>\$ 35,223,908</u>	<u>\$ 1,100,053</u>	<u>\$ 36,830,489</u>	<u>\$ 40,384,631</u>	<u>\$ 46,196,041</u>

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Fund Balances – Governmental Funds

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
<b>General Fund</b>				
Nonspendable	\$ 735,358	\$ 829,129	\$ 563,361	\$ 565,524
Assigned	5,095,500	5,076,900	-	-
Unassigned	<u>5,564,011</u>	<u>11,360,580</u>	<u>24,150,393</u>	<u>26,318,389</u>
<b>Total general fund</b>	<u>11,394,869</u>	<u>17,266,609</u>	<u>24,713,754</u>	<u>26,883,913</u>
<b>All other governmental funds</b>				
Nonspendable	2,009,754	610,377	695,486	3,499,383
Restricted	10,514,620	54,501,560	62,149,539	40,105,715
Committed	623,435	374,420	190,436	161,907
Assigned	<u>1,732,331</u>	<u>1,499,058</u>	<u>3,852,870</u>	<u>9,738,175</u>
<b>Total all other governmental funds</b>	<u>14,880,140</u>	<u>56,985,415</u>	<u>66,888,331</u>	<u>53,505,180</u>
<b>Total governmental funds</b>	<u><u>\$ 26,275,009</u></u>	<u><u>\$ 74,252,024</u></u>	<u><u>\$ 91,602,085</u></u>	<u><u>\$ 80,389,093</u></u>

UNAUDITED

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$ 664,405	\$ 946,960	\$ 1,061,097	\$ 1,120,070	\$ 1,060,629	\$ 1,066,409
-	-	-	-	-	-
<u>29,250,023</u>	<u>31,302,213</u>	<u>31,813,209</u>	<u>34,343,404</u>	<u>39,756,411</u>	<u>41,885,348</u>
<u>29,914,428</u>	<u>32,249,173</u>	<u>32,874,306</u>	<u>35,463,474</u>	<u>40,817,040</u>	<u>42,951,757</u>
 5,640,822	 5,755,462	 7,702,210	 6,844,462	 5,381,289	 4,420,886
29,549,254	27,451,676	33,377,957	28,607,525	20,977,982	21,546,397
159,899	31,283	31,283	32,461	35,325	37,428
<u>5,356,141</u>	<u>5,798,047</u>	<u>6,069,478</u>	<u>9,053,219</u>	<u>15,140,006</u>	<u>20,870,708</u>
<u>40,706,116</u>	<u>39,036,468</u>	<u>47,180,928</u>	<u>44,537,667</u>	<u>41,534,602</u>	<u>46,875,419</u>
<u><u>\$ 70,620,544</u></u>	<u><u>\$ 71,285,641</u></u>	<u><u>\$ 80,055,234</u></u>	<u><u>\$ 80,001,141</u></u>	<u><u>\$ 82,351,642</u></u>	<u><u>\$ 89,827,176</u></u>

# CITY OF STERLING HEIGHTS, MICHIGAN

## Changes in Fund Balances – Governmental Funds

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
<b>Revenues</b>				
Taxes	\$ 64,036,721	\$ 60,946,929	\$ 66,282,454	\$ 72,759,327
Special assessments	201,579	199,092	222,250	263,804
Federal sources	1,990,255	6,300,698	4,122,227	2,356,723
State and local sources	21,279,925	27,584,764	31,365,436	34,699,398
Charges for services	9,719,467	9,842,019	12,373,661	14,938,523
Fines and forfeitures	3,057,417	2,944,500	2,384,499	2,517,198
Licenses and permits (excluding cable)	2,149,069	2,568,909	2,648,068	2,629,072
Investment income (loss)	426,998	112,450	1,120,683	3,382,059
Rental income	1,578,977	1,488,753	1,630,951	1,552,811
Cable revenue	2,595,396	2,579,599	2,414,752	2,329,624
Other	1,960,041	1,568,519	1,866,109	2,510,236
<b>Total revenues</b>	<b>108,995,845</b>	<b>116,136,232</b>	<b>126,431,090</b>	<b>139,938,775</b>
<b>Expenditures</b>				
Current:				
General government	8,154,052	8,300,238	9,118,455	11,087,713
41A District Court	3,223,740	3,242,874	3,309,841	3,480,346
Public safety	49,704,157	48,646,567	50,311,362	54,426,486
Public works	20,929,934	20,869,103	23,165,358	21,359,651
General expenditures	1,027,555	1,164,656	1,845,158	1,589,904
Recreation and culture	4,393,760	7,664,887	4,805,997	6,159,499
Debt service principal	1,725,000	2,280,000	4,100,000	5,340,000
Debt service interest	545,331	700,971	2,025,489	3,109,779
Capital outlay	19,122,277	22,513,996	39,333,835	44,685,871
<b>Total expenditures</b>	<b>108,825,806</b>	<b>115,383,292</b>	<b>138,015,495</b>	<b>151,239,249</b>
<b>Revenues over (under) expenditures</b>	<b>170,039</b>	<b>752,940</b>	<b>(11,584,405)</b>	<b>(11,300,474)</b>
<b>Other financing sources (uses)</b>				
Issuance of bond, notes and other long-term liabilities	9,630,000	47,315,000	27,590,000	-
Premium or discount on debt issuance	254,555	2,902,577	1,302,812	-
Proceeds on sale of capital assets	-	80,363	41,655	87,482
Transfers in	10,797,379	10,180,735	10,588,025	23,133,990
Transfers out	(9,447,315)	(10,180,735)	(10,588,025)	(23,133,990)
<b>Total other financing sources (uses)</b>	<b>11,234,619</b>	<b>50,297,940</b>	<b>28,934,467</b>	<b>87,482</b>
<b>Net change in fund balances</b>	<b>\$ 11,404,658</b>	<b>\$ 51,050,880</b>	<b>\$ 17,350,062</b>	<b>\$ (11,212,992)</b>
Debt service as a percentage of noncapital expenditures	2.53%	3.21%	6.23%	7.99%

|--|--|--|--|--|--|--|

Fiscal Year Ended June 30,						
2020	2021	2022	2023	2024	2025	
\$ 72,179,599	\$ 74,402,654	\$ 78,406,913	\$ 81,474,109	\$ 87,715,017	\$ 93,981,744	
126,507	119,427	151,788	148,520	162,491	139,017	
2,713,283	8,277,635	4,452,146	7,773,120	7,145,668	10,908,883	
36,310,073	37,924,816	40,764,798	44,377,240	46,131,483	51,289,438	
14,298,086	13,657,617	14,569,479	15,939,463	17,284,624	17,924,681	
1,540,704	1,079,803	1,678,277	2,469,429	2,087,493	2,081,914	
2,562,476	2,344,498	2,572,200	2,443,600	1,950,238	2,261,671	
2,045,963	671,876	(2,582,927)	1,764,819	6,192,201	6,414,744	
1,498,761	1,640,887	1,746,415	1,565,433	1,545,160	1,829,186	
2,227,827	2,218,739	2,114,490	1,982,585	1,763,682	1,521,912	
2,792,592	2,426,826	1,871,711	3,525,346	2,739,193	1,820,791	
<u>138,295,871</u>	<u>144,764,778</u>	<u>145,745,290</u>	<u>163,463,664</u>	<u>174,717,250</u>	<u>190,173,981</u>	
12,485,728	12,753,975	14,177,083	16,224,085	16,181,309	17,733,915	
3,646,569	3,569,512	3,959,102	4,042,861	4,424,549	5,003,538	
55,657,071	59,704,317	62,044,521	64,490,069	68,032,197	72,549,802	
20,507,719	21,707,991	22,276,474	22,372,141	25,127,599	31,011,118	
2,369,508	2,922,963	3,411,578	2,700,717	2,723,566	3,329,559	
7,039,735	7,153,046	7,782,054	8,784,166	9,862,891	10,014,940	
6,462,520	5,535,000	6,803,000	7,464,000	7,045,000	7,568,167	
3,574,278	3,638,619	3,760,843	4,162,943	3,967,983	3,731,574	
62,799,049	45,291,490	30,724,425	33,399,832	35,110,256	33,380,987	
<u>174,542,177</u>	<u>162,276,913</u>	<u>154,939,080</u>	<u>163,640,814</u>	<u>172,475,350</u>	<u>184,323,600</u>	
(36,246,306)	(17,512,135)	(9,193,790)	(177,150)	2,241,900	5,850,381	
24,919,316	18,973,000	16,850,000	-	-	1,494,511	
-	702,899	1,036,153	-	-	-	
17,875	41,899	77,230	123,057	108,601	130,642	
17,627,275	19,940,070	17,012,684	22,252,546	22,109,960	21,810,500	
(17,627,275)	(19,940,070)	(17,012,684)	(22,252,546)	(22,109,960)	(21,810,500)	
<u>24,937,191</u>	<u>19,717,798</u>	<u>17,963,383</u>	<u>123,057</u>	<u>108,601</u>	<u>1,625,153</u>	
<u>\$ (11,309,115)</u>	<u>\$ 2,205,663</u>	<u>\$ 8,769,593</u>	<u>\$ (54,093)</u>	<u>\$ 2,350,501</u>	<u>\$ 7,475,534</u>	

8.98% 7.79% 8.50% 9.07% 8.01% 7.46%

## CITY OF STERLING HEIGHTS, MICHIGAN

### General Government Tax Revenue by Source

Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Fund Property Taxes					Total
	Operating	Refuse (1)	Police and Fire Retirement System	Safe Streets		
2016	\$ 40,154,336	\$ 4,786,968	\$ 7,992,154	\$ 7,121,201	\$ 60,054,659	
2017	38,159,793	4,418,198	7,914,369	6,786,371	57,278,731	
2018	39,003,553	4,425,923	8,251,737	6,916,401	58,597,614	
2019	44,404,945	4,407,310	9,011,570	7,102,036	64,925,861	
2020	42,343,466	4,454,516	9,780,505	7,400,807	63,979,294	
2021	42,719,547	4,416,896	11,220,782	7,580,766	65,937,991	
2022	44,817,855	4,654,346	12,866,281	7,748,836	70,087,318	
2023	47,287,467	4,705,616	12,556,551	8,071,382	72,621,016	
2024 (2)	50,549,495	-	12,847,034	8,608,416	72,004,945	
2025 (2)	53,883,374	-	13,835,830	9,106,965	76,826,169	

Source: City Treasurer's Office

(1) All refuse taxes are recognized under the Refuse and Recycling Special Revenue fund as of the fiscal year ended June 30, 2024.

(2) Tax revenue excludes adjustment for Michigan personal tax exemption for eligible manufacturing personal property.

Local Roads Property Taxes		Parks and Recreation Property Taxes		Refuse /Recycling Property Taxes		Debt Service Funds Property Taxes						
Safe Streets		Recreating Recreation		Refuse		General Drain		Voted Tax General Obligation		Total		Total All Property Taxes
\$ 3,344,947	\$ -	\$ -	\$ -	\$ 164,288	\$ 472,828	\$ 637,116	\$ 64,036,722					
3,201,818				2,297	464,084	466,381	60,946,930					
3,258,923	3,965,701			1,052	459,166	460,218	66,282,456					
3,330,120	4,032,610			688	413,759	414,447	72,703,038					
3,479,548	4,228,073			628	492,057	492,685	72,179,600					
3,564,606	4,331,004			607	506,343	506,950	74,340,551					
3,631,075	4,402,377			615	549,205	549,820	78,670,590					
3,795,529	4,600,110			619	551,550	552,169	81,568,824					
4,055,322	4,917,738	6,161,022		601	1,488	2,089	87,141,116					
4,291,797	5,215,594		7,647,717	599	(132)	467	93,981,744					

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**CITY OF STERLING HEIGHTS, MICHIGAN**

UNAUDITED

**Property Tax Levies and Collections**

Last Ten Fiscal Years

Tax Year	Year Ended June 30,	Total Levy (1)	Current Collections	Percent Collected	Delinquent Collections (2)	Total Tax Collections	Percent of Levy Collected
2015	2016	\$ 63,842,382	\$ 62,694,645	98.20%	\$ 1,046,438	\$ 63,741,083	99.84%
2016	2017	61,003,077	59,820,159	98.06%	1,065,670	60,885,829	99.81%
2017	2018	66,431,075	65,265,032	98.24%	1,074,118	66,339,150	99.86%
2018	2019	73,342,584	71,900,008	98.03%	1,295,204	73,195,212	99.80%
2019	2020	72,676,628	71,373,019	98.21%	1,198,695	72,571,714	99.86%
2020	2021	75,590,292	73,894,914	98.29%	1,144,217	75,039,131	99.27%
2021	2022	80,455,135	78,245,801	97.25%	1,236,272	79,482,073	98.79%
2022	2023	82,703,836	81,190,278	98.17%	1,130,940	82,321,218	99.54%
2023	2024	87,988,683	86,220,931	97.99%	1,519,001	87,739,932	99.72%
2024	2025	95,140,418	93,102,744	97.86%	1,697,512	94,800,256	99.64%
2025	2026	105,290,550	(2)				

(1) Includes operational, refuse, public improvement, safe streets, and general drain taxes, but does not include penalty and interest on late payment of taxes.

(2) Estimated tax levy. This levy will only change due to STC, MTT, and/or Board of Review adjustments and is included to facilitate continuing disclosure requirements.

Source: City Treasurer's Office

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year (Tax Year)	City Direct Rates								Total
	Operating (1)	Refuse	Police and Fire Retirement System	Drain Debt Service	Public Improvement Debt Service	Safe Streets	Recreating Recreation		
<b>2016 (2015)</b>									
Homestead	9.4909	1.1424	1.9026	0.0377	0.1122	2.5000	0.0000	15.1858	
Non-homestead	9.4909	1.1424	1.9026	0.0377	0.1122	2.5000	0.0000	15.1858	
<b>2017 (2016)</b>									
Homestead	9.4856	1.1062	1.9788	0.0000	0.1152	2.5000	0.0000	15.1858	
Non-homestead	9.4856	1.1062	1.9788	0.0000	0.1152	2.5000	0.0000	15.1858	
<b>2018 (2017)</b>									
Homestead	9.4940	1.0827	2.0124	0.0000	0.1114	2.4853	0.9700	16.1558	
Non-homestead	9.4940	1.0827	2.0124	0.0000	0.1114	2.4853	0.9700	16.1558	
<b>2019 (2018)</b>									
Homestead	10.4940	1.0420	2.1279	0.0000	0.0971	2.4678	0.9516	17.1804	
Non-homestead	10.4940	1.0420	2.1279	0.0000	0.0971	2.4678	0.9516	17.1804	
<b>2020 (2019)</b>									
Homestead	9.4940	1.0038	2.1984	0.0000	0.1096	2.4505	0.9506	16.2069	
Non-homestead	9.4940	1.0038	2.1984	0.0000	0.1096	2.4505	0.9506	16.2069	
<b>2021 (2020)</b>									
Homestead	9.3106	0.9639	2.4441	0.0000	0.1097	2.4343	0.9443	16.2069	
Non-homestead	9.3106	0.9639	2.4441	0.0000	0.1097	2.4343	0.9443	16.2069	
<b>2022 (2021)</b>									
Homestead	9.4940	0.9877	2.7240	0.0000	0.1150	2.4157	0.9378	16.6742	
Non-homestead	9.4940	0.9877	2.7240	0.0000	0.1150	2.4157	0.9378	16.6742	
<b>2023 (2022)</b>									
Homestead	9.4940	0.9468	2.5189	0.0000	0.1096	2.3850	0.9257	16.3800	
Non-homestead	9.4940	0.9468	2.5189	0.0000	0.1096	2.3850	0.9257	16.3800	
<b>2024 (2023)</b>									
Homestead	9.4940	1.1632	2.4109	0.0000	0.0000	2.3859	0.9260	16.3800	
Non-homestead	9.4940	1.1632	2.4109	0.0000	0.0000	2.3859	0.9260	16.3800	
<b>2025 (2024)</b>									
Homestead	9.4940	1.3558	2.4435	0.0000	0.0000	2.3694	0.9196	16.5823	
Non-homestead	9.4940	1.3558	2.4435	0.0000	0.0000	2.3694	0.9196	16.5823	

(1) City general operating tax rate charter limit equals 12.0 mills.

(2) Sterling Heights' taxable valuation is based on 62 percent for Utica Schools and 38 percent for Warren Consolidated Schools for the year ended June 30, 2016.

Source: Municipal Advisory Council of Michigan.

Overlapping Rates									
Macomb Intermediate School District (Oper)	Macomb Intermediate School District	Macomb Community College	Huron/ Clinton Metro Authority	S.M.A.R.T.	County Zoo Authority	Veterans Operations	D.I.A.	Med Call	
2.9430	0.0000	1.5302	0.2146	1.0000	0.1000	0.0400	0.2000	0.0000	
2.9430	0.0000	1.5302	0.2146	1.0000	0.1000	0.0400	0.2000	0.0000	
2.9355	0.0000	1.4212	0.2146	0.9974	0.0997	0.0398	0.1994	0.0000	
2.9355	0.0000	1.4212	0.2146	0.9974	0.0997	0.0398	0.1994	0.0000	
2.9146	0.0000	1.4034	0.2140	0.9903	0.0989	0.0682	0.1979	0.0000	
2.9146	0.0000	1.4034	0.2140	0.9903	0.0989	0.0682	0.1979	0.0000	
2.8945	0.0000	1.4640	0.2129	1.0000	0.0985	0.0676	0.1965	0.0000	
2.8945	0.0000	1.4640	0.2129	1.0000	0.0985	0.0676	0.1965	0.0000	
2.8744	0.0000	1.4531	0.2117	0.9926	0.0977	0.0674	0.1950	0.0000	
2.8744	0.0000	1.4531	0.2117	0.9926	0.0977	0.0674	0.1950	0.0000	
4.7296	0.0000	1.4387	0.2104	0.9827	0.0967	0.0667	0.1930	0.0990	
4.7296	0.0000	1.4387	0.2104	0.9827	0.0967	0.0667	0.1930	0.0990	
4.6845	0.0000	1.4247	0.2089	0.9731	0.0957	0.0660	0.1911	0.0000	
4.6845	0.0000	1.4247	0.2089	0.9731	0.0957	0.0660	0.1911	0.0000	
4.6300	0.0000	1.4077	0.2070	0.9500	0.0945	0.0652	0.1956	0.0000	
4.6300	0.0000	1.4077	0.2070	0.9500	0.0945	0.0652	0.1956	0.0000	
4.7100	0.0000	1.4077	0.2070	0.9500	0.0945	0.0690	0.1956	0.0000	
4.7100	0.0000	1.4077	0.2070	0.9500	0.0945	0.0690	0.1956	0.0000	
4.5997	0.1700	1.3982	0.2062	0.9436	0.0938	0.0685	0.1942	0.0000	
4.5997	0.1700	1.3982	0.2062	0.9436	0.0938	0.0685	0.1942	0.0000	

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year (Tax Year)	Overlapping Rates									
	Macomb County		Utica Community School District (2)			Warren Consolidated School District (2)				
	Operating	Drain Debt Service	State Education Tax	Operating/Local	Debt	State Education Tax	Operating/Local	Supplemental	Debt	
2016 (2015)										
Homestead	4.5685	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	6.7766	3.9200	
Non-homestead	4.5685	0.0050	6.0000	17.9082	3.8500	6.0000	18.0000	0.0000	3.9200	
2017 (2016)										
Homestead	4.5566	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	6.7914	4.8700	
Non-homestead	4.5566	0.0050	6.0000	17.6968	3.8500	6.0000	17.8182	0.0000	4.8700	
2018 (2017)										
Homestead	4.5242	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	6.5091	4.8700	
Non-homestead	4.5242	0.0050	6.0000	17.5676	3.8500	6.0000	17.7487	0.0000	4.8700	
2019 (2018)										
Homestead	4.4925	0.0050	6.0000	0.0000	3.7600	6.0000	0.0000	6.1678	4.7800	
Non-homestead	4.4925	0.0050	6.0000	17.3128	3.7600	6.0000	18.0000	0.0000	4.7800	
2020 (2019)										
Homestead	4.4592	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	5.7931	4.7800	
Non-homestead	4.4592	0.0000	6.0000	17.1621	3.5000	6.0000	17.9463	5.7931	4.7800	
2021 (2020)										
Homestead	4.4150	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	5.3583	4.7800	
Non-homestead	4.4150	0.0000	6.0000	16.9183	3.5000	6.0000	17.9463	0.0000	4.7800	
2022 (2021)										
Homestead	4.3721	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	5.0652	4.7800	
Non-homestead	4.3721	0.0000	6.0000	16.9183	3.5000	6.0000	17.8296	0.0000	4.7800	
2023 (2022)										
Homestead	4.3200	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	2.6824	4.7800	
Non-homestead	4.3200	0.0000	6.0000	16.7508	3.5000	6.0000	17.6120	2.6824	4.7800	
2024 (2023)										
Homestead	4.3200	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	3.4464	4.7800	
Non-homestead	4.3200	0.0000	6.0000	18.0000	3.5000	6.0000	17.6120	0.0000	4.7800	
2025 (2024)										
Homestead	4.2910	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	3.2798	4.7800	
Non-homestead	4.2910	0.0000	6.0000	18.0000	3.5000	6.0000	18.0000	0.0000	4.7800	

UNAUDITED

**Total Direct and Overlapping  
Rates by Resident's School  
District**

Utica Community	Warren Consolidated
--------------------	------------------------

35.6371      42.4837  
53.5453      53.7071

35.5050      43.3164  
53.2018      54.3432

36.4223      43.9514  
53.9899      55.1910

37.3719      44.5597  
54.6847      56.3919

36.0580      43.1311  
53.2201      55.2843

37.9387      44.5770  
54.8570      57.1650

38.1903      44.5355  
55.1086      57.2999

37.7500      41.7124  
54.5008      59.3244

37.8338      42.5602  
55.8338      56.7258

38.0475      42.6073  
56.0475      57.3275

concluded

## CITY OF STERLING HEIGHTS, MICHIGAN

### Assessed Taxable Values

Last Ten Fiscal Years

	2016	2017	2018	2019
<b>State Equalized Value</b>				
SEV equivalent	\$ 4,796,034,350	\$ 4,949,191,377	\$ 5,200,275,450	\$ 5,409,399,365
IFT exemption	123,790,350	64,411,150	61,439,675	52,225,350
<b>Total State Equalized Value</b>	<b>\$ 4,919,824,700</b>	<b>\$ 5,013,602,527</b>	<b>\$ 5,261,715,125</b>	<b>\$ 5,461,624,715</b>
<b>Taxable Value (by class)</b>				
Real property	\$ 3,665,393,466	\$ 3,737,558,043	\$ 3,855,214,582	\$ 4,032,937,100
Personal property	670,143,500	366,173,450	327,166,100	289,445,900
<b>Total Taxable Value (by class)</b>	<b>\$ 4,335,536,966</b>	<b>\$ 4,103,731,493</b>	<b>\$ 4,182,380,682</b>	<b>\$ 4,322,383,000</b>
<b>Taxable Value (by type)</b>				
Residential	\$ 2,717,724,673	\$ 2,777,714,820	\$ 2,863,163,811	\$ 2,986,252,214
Commercial	574,872,887	594,885,971	612,549,438	637,542,166
Industrial	305,821,724	314,006,932	317,662,123	343,983,905
Personal property	494,865,700	289,981,650	270,324,150	254,615,000
IFT real and personal property	242,251,982	127,142,120	118,681,160	99,989,715
Total	4,335,536,966	4,103,731,493	4,182,380,682	4,322,383,000
Less exempt property	(121,125,991)	(63,571,060)	(59,340,580)	(49,994,857)
<b>Total Taxable Value (by type)</b>	<b>\$ 4,214,410,975</b>	<b>\$ 4,040,160,433</b>	<b>\$ 4,123,040,102</b>	<b>\$ 4,272,388,143</b>
<b>Total direct tax rate (1)</b>	<b>\$ 15.1858</b>	<b>\$ 15.1858</b>	<b>\$ 16.1558</b>	<b>\$ 17.1804</b>
Total taxable value as a percentage of SEV equivalent	85.66%	80.58%	77.49%	78.23%
Total taxable value as a percentage of total value	97.21%	98.45%	98.84%	98.84%

(1) This rate is applied 100 percent to the total taxable value.

Source: City of Sterling Heights, Assessor's Office

UNAUDITED

2020	2021	2022	2023	2024	2025
\$ 5,798,698,325 53,110,750	\$ 6,158,957,816 52,709,800	\$ 6,427,561,200 62,864,450	\$ 6,698,886,900 61,276,500	\$ 7,310,585,590 64,550,550	\$ 8,038,466,300 59,138,400
<u>\$ 5,851,809,075</u>	<u>\$ 6,211,667,616</u>	<u>\$ 6,490,425,650</u>	<u>\$ 6,760,163,400</u>	<u>\$ 7,375,136,140</u>	<u>\$ 8,097,604,700</u>
\$ 4,244,580,889 305,210,600	\$ 4,427,329,545 282,249,500	\$ 4,562,968,811 319,918,100	\$ 4,823,098,811 282,964,300	\$ 5,185,909,481 243,973,490	\$ 5,565,117,003 246,282,600
<u>\$ 4,549,791,489</u>	<u>\$ 4,709,579,045</u>	<u>\$ 4,882,886,911</u>	<u>\$ 5,106,063,111</u>	<u>\$ 5,429,882,971</u>	<u>\$ 5,811,399,603</u>
\$ 3,121,603,015 679,530,404 369,124,697 279,689,900 99,843,473	\$ 3,241,733,427 726,105,453 376,971,307 267,400,500 97,368,358	\$ 3,356,319,778 704,267,708 397,600,360 308,300,400 116,398,665	\$ 3,559,441,589 741,971,902 414,915,057 274,997,000 114,737,563	\$ 3,831,414,153 787,430,304 450,444,941 243,973,490 116,620,083	\$ 4,123,305,808 830,294,122 503,785,826 246,282,600 107,731,247
4,549,791,489 (49,921,736)	4,709,579,045 (48,684,179)	4,882,886,911 (58,199,332)	5,106,063,111 (57,368,781)	5,429,882,971 (58,310,042)	5,811,399,603 (53,865,624)
<u>\$ 4,499,869,753</u>	<u>\$ 4,660,894,866</u>	<u>\$ 4,824,687,579</u>	<u>\$ 5,048,694,330</u>	<u>\$ 5,371,572,929</u>	<u>\$ 5,757,533,979</u>
\$ 16.2069	\$ 16.2069	\$ 16.6742	\$ 16.3800	\$ 16.3800	\$ 16.5823
76.90%	75.03%	74.34%	74.68%	72.83%	71.10%
98.90%	98.97%	98.81%	98.88%	98.93%	99.07%

## CITY OF STERLING HEIGHTS, MICHIGAN

### Principal Property Taxpayers (Major Taxpayers)

Current Year and Ten Years Ago

Company Name	Product/Service	Year Ended June 30, 2025			Percent of Total City Taxable Value
		Taxable Value	Rank		
Stellantis (FCA US LLC/ Chrysler Group LLC)	Automotive assembly and stamping	\$ 71,212,169	1		1.24%
DTE Energy	Public electric utility	63,590,015	2		1.10%
Consumer Energy	Public utility for gas	49,467,887	3		0.86%
Ford Motor Company	Automotive manufacturing and drive shafts	30,624,868	4		0.53%
International Transmission	Automotive	22,112,691	5		0.38%
Liberty Park Commerce Center, LLC	Industrial facilities	17,794,074	6		0.31%
Comcast Cable	Cable communications	16,594,788	7		0.29%
Chalk Spade Investments (USA)	Investments	15,687,071	8		0.27%
General Dynamics	Defense-related	14,574,619	9		0.25%
BAE Systems	Defense technology	14,112,060	10		0.25%
Detroit Media Partnership	Printing plant - newspapers				
Lakeside Associates	Retail shopping center				
GGP LP	Retail and rental properties				
NJT Enterprises	Retail shopping center				
		315,770,242			5.48%
	Other taxpayers	5,441,763,737			
	Total taxable value	\$ 5,757,533,979			

Source: City of Sterling Heights, Assessor's Office

UNAUDITED

Year Ended June 30, 2016			
Taxable Value	Rank	Percent of Total City Taxable Value	
\$ 158,526,347	1	3.76%	
36,230,629	3	0.86%	
14,280,153	9	0.34%	
156,424,119	2	3.71%	
15,067,791	8	0.36%	
25,375,947	5	0.60%	
26,839,538	4	0.64%	
23,369,844	6	0.55%	
21,928,666	7	0.52%	
9,971,800	10	0.24%	
<u>488,014,834</u>		<u>11.58%</u>	
<u>3,726,396,141</u>			
<u><u>\$ 4,214,410,975</u></u>			

## CITY OF STERLING HEIGHTS, MICHIGAN

### ■ Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities		Total Primary Government
	General Obligation Bonds	Amounts Available in Debt Service Funds	General Obligation Bonds	County Issued Bonds	
2016	\$ 4,667,114	\$ (28,263)	\$ -	\$ 35,885,137	\$ 40,523,988
2017	46,135,000	(63,338)	-	50,299,962	96,371,624
2018	63,190,000	(92,722)	-	48,741,669	111,838,947
2019	60,335,000	(57,046)	-	46,797,853	107,075,807
2020	84,852,623	(31,437)	-	51,344,551	136,165,737
2021	80,975,911	(4,968)	15,371,660	65,167,696	161,510,299
2022	76,866,655	(11,118)	27,638,357	61,906,037	166,399,931
2023	72,517,518	(25,458)	26,513,260	57,247,478	156,252,798
2024	68,517,431	-	25,420,319	57,363,691	151,301,441
2025	64,300,987	-	24,298,066	56,285,066	144,884,119

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

(1) See the schedule of assessed taxable value for property value data.

(2) United States Census Bureau - 2010/2020 Census and 2010 American Community Survey One Year Estimates

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Percentage of Estimated Total Taxable Value of Property (1)	Population (2)	Per Capita
0.9653%	129,699	\$ 312.45
0.2388%	129,699	743.04
0.2621%	129,699	862.30
0.2506%	129,699	825.57
0.3026%	129,699	1,049.86
0.3459%	132,438	1,217.48
0.3449%	134,346	1,238.59
0.2909%	134,346	1,163.06
0.2817%	134,346	1,126.21
0.2516%	134,346	1,078.44

## CITY OF STERLING HEIGHTS, MICHIGAN

### Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Michigan Transportation Bonds	Special Assessment Bonds	Subscription Liabilities	General Obligation Bonds	
2016	\$ 4,667,114	\$ 16,480,393	\$ 2,400,000	\$ -	\$ -	-
2017	46,135,000	16,595,000	2,250,000	-	-	-
2018	63,190,000	23,180,000	2,100,000	-	-	-
2019	60,335,000	20,845,000	1,950,000	-	-	-
2020	84,852,623	19,129,213	1,800,000	-	-	-
2021	80,975,911	36,003,953	1,600,000	-	15,371,660	
2022	76,866,655	50,878,548	1,400,000	-	27,638,357	
2023	72,517,518	47,300,615	1,200,000	-	26,513,260	
2024	68,517,431	43,715,765	1,000,000	-	25,420,319	
2025	64,300,987	40,033,035	800,000	1,231,344	24,298,066	

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

(1) See the schedule of demographic and economic statistics for personal income data.

Business-type Activities									
County Issued									
General Obligation Bonds	Special Assessment Bonds	County State Revolving Loan Funds	Subscription Liabilities	Total Primary Government	Percentage of Personal Income (1)	Population	Per Capita		
\$ 31,831,025	\$ 4,054,112	\$ 20,725,947	\$ -	\$ 80,158,591	2.55%	129,699	\$ 618.04		
46,597,435	3,702,527	22,126,394	-	137,406,356	4.38%	129,699	1,059.42		
48,741,669	2,258,379	21,072,504	-	160,542,552	5.11%	129,699	1,237.81		
46,797,853	1,962,402	19,973,656	-	151,863,911	4.84%	129,699	1,170.90		
51,344,551	1,983,169	18,860,521	-	177,970,077	5.67%	129,699	1,372.18		
63,323,681	1,844,015	18,485,695	-	217,604,915	5.36%	132,438	1,643.07		
60,201,476	1,704,561	17,320,226	-	236,009,823	5.61%	134,346	1,756.73		
57,247,478	1,565,415	15,754,110	-	222,098,396	5.28%	134,346	1,653.18		
57,363,691	1,424,711	14,065,716	-	211,507,633	5.02%	134,346	1,574.35		
56,285,066	1,286,233	12,889,543	208,869	201,333,143	4.78%	134,346	1,498.62		

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**CITY OF STERLING HEIGHTS, MICHIGAN**

UNAUDITED

**■ Direct and Overlapping Governmental Activities Debt**

June 30, 2025

**Direct Debt**

**General Obligation Bonds**

05/09/17	Limited Tax	\$ 30,275,250
05/22/18	Limited Tax	14,840,217
08/22/19	Limited Tax	<u>19,185,520</u> \$ 64,300,987

**Michigan Transportation Fund Bonds**

04/05/16	MTF Bonds, Series 2016	4,524,415
05/09/17	MTF Bonds, Series 2017	1,110,562
05/22/18	MTF Bonds, Series 2018	4,872,673
10/28/20	MTF Bonds, Series 2020	196,000
03/10/21	MTF Bonds, Series 2021	14,225,459
05/18/22	MTF Bonds, Series 2022	<u>15,103,926</u> 40,033,035

**Special Assessment Bonds**

08/03/08	Improvements	<u>800,000</u>
----------	--------------	----------------

Total direct debt outstanding	105,134,022
-------------------------------	-------------

Less:

MTF Bonds	40,033,035
Special Assessment Bonds	<u>800,000</u> 40,833,035

Net direct and indirect debt outstanding	<u>64,300,987</u>
--	-------------------

**Overlapping Debt**

**Municipality**

**Net Tax Supported Debt**

<b>Net Tax Supported Debt</b>	<b>City allocation</b>
229,255,000	35.28%
247,480,000	45.21%
90,595,000	14.78%
197,954,985	15.10%

Total overlapping debt	<u>236,048,016</u>
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Net direct and indirect debt outstanding and overlapping debt	<u>\$ 300,349,003</u>
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Source: Assessed value data used to estimate applicable overlapping debt percentages is provided by the Municipal Advisory Council of Michigan, Detroit, Michigan. Debt outstanding data is provided by each governmental unit.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Ratios of Outstanding Debt

Last Ten Fiscal Years

	As of June 30,			
	2016	2017	2018	2019
<b>Governmental Activities:</b>				
General obligation bonds	\$ 4,667,114	\$ 46,135,000	\$ 63,190,000	\$ 60,335,000
Michigan transportation fund bonds	16,480,393	16,595,000	23,180,000	20,845,000
Special assessment bonds	2,400,000	2,250,000	2,100,000	1,950,000
Subscription liability	-	-	-	-
	<u>23,547,507</u>	<u>64,980,000</u>	<u>88,470,000</u>	<u>83,130,000</u>
<b>Business-type Activities:</b>				
General obligation bonds	31,831,025	46,597,435	48,741,669	46,797,853
Special assessment bonds	4,054,112	3,702,527	2,258,379	1,962,402
County state revolving loan funds	20,725,947	22,126,394	21,072,504	19,973,656
Subscription liability	-	-	-	-
	<u>56,611,084</u>	<u>72,426,356</u>	<u>72,072,552</u>	<u>68,733,911</u>
<b>Total debt of the government</b>	<b><u>\$ 80,158,591</u></b>	<b><u>\$ 137,406,356</u></b>	<b><u>\$ 160,542,552</u></b>	<b><u>\$ 151,863,911</u></b>
<b>Total residential personal income</b>	<b>\$ 3,140,402,000</b>	<b>\$ 3,140,402,000</b>	<b>\$ 3,140,402,000</b>	<b>\$ 3,140,402,000</b>
Ratio of total debt to personal income	2.55%	4.38%	5.11%	4.84%
<b>Total Population</b>	<b>129,699</b>	<b>129,699</b>	<b>129,699</b>	<b>129,699</b>
Total debt per capita	\$ 618.04	\$ 1,059.42	\$ 1,237.81	\$ 1,170.90

As of June 30,						
2020	2021	2022	2023	2024	2025	
\$ 84,852,623	\$ 80,975,911	\$ 76,866,655	\$ 72,517,518	\$ 68,517,431	\$ 64,300,987	
19,129,213	36,003,953	50,878,548	47,300,615	43,715,765	40,033,035	
1,800,000	1,600,000	1,400,000	1,200,000	1,000,000	800,000	
-	-	-	-	-	1,231,344	
<u>105,781,836</u>	<u>118,579,864</u>	<u>129,145,203</u>	<u>121,018,133</u>	<u>113,233,196</u>	<u>106,365,366</u>	
51,344,551	78,695,341	87,839,833	83,760,738	82,784,010	80,583,132	
1,983,169	1,844,015	1,704,561	1,565,415	1,424,711	1,286,233	
18,860,521	18,485,695	17,320,226	15,754,110	14,065,716	12,889,543	
-	-	-	-	-	208,869	
<u>72,188,241</u>	<u>99,025,051</u>	<u>106,864,620</u>	<u>101,080,263</u>	<u>98,274,437</u>	<u>94,967,777</u>	
<u>\$ 177,970,077</u>	<u>\$ 217,604,915</u>	<u>\$ 236,009,823</u>	<u>\$ 222,098,396</u>	<u>\$ 211,507,633</u>	<u>\$ 201,333,143</u>	
\$ 3,140,402,000	\$ 4,056,708,000	\$ 4,209,732,000	\$ 4,209,732,000	\$ 4,209,732,000	\$ 4,209,732,000	
5.67%	5.36%	5.61%	5.28%	5.02%	4.78%	
129,699	132,438	134,346	134,346	134,346	134,346	
\$ 1,372.18	\$ 1,643.07	\$ 1,756.73	\$ 1,653.18	\$ 1,574.35	\$ 1,498.62	

## CITY OF STERLING HEIGHTS, MICHIGAN

### Legal Debt Margin

Last Ten Fiscal Years

	As of June 30,			
	2016	2017	2018	2019
<b>Calculation of debt limit:</b>				
State equalized valuation	\$ 4,919,824,700	\$ 5,013,602,527	\$ 5,261,715,125	\$ 5,461,624,715
10% of taxable value	<u>491,982,470</u>	<u>501,360,253</u>	<u>526,171,513</u>	<u>546,162,472</u>
<b>Calculation of debt subject to limit:</b>				
Total debt	59,432,644	125,532,989	139,470,048	131,890,255
<b>Less: debt not subject to limit:</b>				
Michigan Transportation Fund Bonds	15,995,000	16,595,000	23,180,000	20,845,000
Special Assessment Bonds	2,400,000	2,250,000	2,100,000	1,950,000
MID District Special Assessments	2,468,817	2,182,194	2,258,379	1,962,402
OMID District Special Assessments	<u>1,585,295</u>	<u>1,520,333</u>	<u>1,454,232</u>	<u>1,385,851</u>
Net debt subject to limit	<u>36,983,532</u>	<u>102,985,462</u>	<u>110,477,437</u>	<u>105,747,002</u>
Legal debt margin	<u>\$ 454,998,938</u>	<u>\$ 398,374,791</u>	<u>\$ 415,694,076</u>	<u>\$ 440,415,470</u>
Net debt subject to limit as % of debt limit	7.52%	20.54%	21.00%	19.36%

(1) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943, as amended by Act 42, P.A. 1960

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As of June 30,					
2020	2021	2022	2023	2024	2025
\$ 5,851,809,075	\$ 6,211,667,616	\$ 6,760,163,400	\$ 7,375,136,140	\$ 7,375,136,140	\$ 8,097,604,700
585,180,908	621,166,762	676,016,340	737,513,614	737,513,614	809,760,470
159,109,556	199,119,221	218,689,597	197,441,917	197,441,917	188,443,600
19,129,213	36,003,953	50,878,548	47,300,615	43,715,765	40,033,035
1,800,000	1,600,000	1,400,000	1,200,000	1,000,000	800,000
1,983,169	1,844,015	1,704,561	1,424,711	1,424,711	1,286,233
1,316,331	1,244,530	1,171,590	1,096,372	1,018,874	940,236
134,880,843	158,426,723	163,534,898	146,420,219	150,282,567	145,384,096
\$ 450,300,065	\$ 462,740,039	\$ 512,481,442	\$ 591,093,395	\$ 587,231,047	\$ 664,376,374
23.05%	25.50%	24.19%	19.85%	20.38%	17.95%

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# CITY OF STERLING HEIGHTS, MICHIGAN

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## Pledged Revenue Coverage

Last Ten Fiscal Years

Limited Tax Obligation Bonds - Governmental Activities							
Fiscal Year Ended	Debt Service						
	Collections	Principal	Interest	Total	Coverage		
2016	\$ 322,375	\$ 260,000	\$ 62,150	\$ 322,150	1.001		
2017	356,075	305,000	50,850	355,850	1.001		
2018	4,297,400	1,890,000	1,450,769	3,340,769	1.286		
2019	5,720,642	2,405,000	2,293,487	4,698,487	1.218		
2020	7,244,184	3,230,000	2,799,402	6,029,402	1.201		
2021	7,277,798	2,975,000	2,978,194	5,953,194	1.223		
2022	7,372,802	3,745,000	3,132,509	6,877,509	1.072		
2023	7,558,373	4,365,000	3,422,925	7,787,925	0.971		
2024	7,901,722	3,455,000	2,508,445	5,963,445	1.325		
2025	8,151,714	3,620,000	2,335,694	5,955,694	1.369		
Michigan Transportation Fund Bonds - Governmental Activities							
Fiscal Year Ended	Debt Service						
	Collections	Principal	Interest	Total	Coverage		
2016	\$ 4,025,210	\$ 1,165,000	\$ 227,707	\$ 1,392,707	2.890		
2017	4,630,041	1,625,000	515,996	2,140,996	2.163		
2018	5,548,637	1,615,000	440,801	2,055,801	2.699		
2019	5,919,343	2,335,000	773,131	3,108,131	1.904		
2020	6,184,549	2,495,000	737,114	3,232,114	1.913		
2021	6,805,281	1,805,000	557,275	2,362,275	2.881		
2022	7,339,411	2,908,000	845,177	3,753,177	1.956		
2023	7,654,996	3,399,000	1,422,049	4,821,049	1.588		
2024	7,848,952	3,390,000	1,411,389	4,801,389	1.635		
2025	8,217,717	3,485,000	1,304,139	4,789,139	1.716		
Special Assessment Bonds - Governmental Activities							
Fiscal Year Ended	Debt Service						
	Collections (1)	Principal	Interest	Total	Coverage (1)		
2016	\$ 246,302	\$ 150,000	\$ 103,225	\$ 253,225	0.973		
2017	267,781	150,000	97,600	247,600	1.082		
2018	296,155	150,000	91,600	241,600	1.226		
2019	320,493	150,000	85,600	235,600	1.360		
2020	221,453	150,000	79,600	229,600	0.965		
2021	99,723	200,000	72,600	272,600	0.450		
2022	120,770	200,000	64,550	264,550	0.457		
2023	133,876	200,000	56,450	256,450	0.522		
2024	114,678	200,000	48,150	248,150	0.462		
2025	114,681	200,000	39,650	239,650	0.479		

(1) Customers may choose to make special assessment payments up-front to avoid paying interest to the City, which creates uneven payment streams over the life of the assessment.

Source: City of Sterling Heights

## CITY OF STERLING HEIGHTS, MICHIGAN

### Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Estimated Population (1)	Median Age (2)	Education Age 25 or Older (2)		Per Capita Income (1)	Income (in thousands) (4)
			High School Graduate or Higher	Bachelor's Degree or Higher		
2016	129,699	40-44	86.4%	22.9%	\$ 24,213	\$ 3,140,402
2017	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2018	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2019	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2020	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2021	132,438	40-44	86.4%	26.7%	30,631	4,056,708
2022	134,346	40-44	86.4%	26.7%	31,335	4,209,732
2023	134,346	40-44	86.4%	26.7%	31,335	4,209,732
2024	134,346	40-44	87.7%	30.8%	31,335	4,209,732
2025	134,346	40-44	87.5%	31.2%	31,335	4,209,732

Sources:

- (1) United States Census Bureau - 2010/2020 Census and 2010 American Community Survey One Year Estimates
- (2) Southeast Michigan Council of Governments (SEMCOG)
- (3) Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information
- (4) Michigan Department of Technology, Labor and Budget

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Number of Households (1)	Median Household Income (1)	Unemployment Rate (3)/(4)
-----------------------------	-----------------------------	------------------------------

49,576	\$ 53,390	4.6%
49,576	53,390	3.4%
49,576	53,390	3.9%
49,576	53,390	4.2%
49,576	53,390	17.5%
51,615	64,833	4.3%
51,615	64,833	4.1%
51,615	64,833	3.4%
51,615	64,833	4.1%
51,615	64,833	5.3%

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# CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

## Miscellaneous Demographics

June 30, 2025

Income and Benefit Characteristics						
Population U.S. Census		Household Income Income	Number of Households	Households		Number
2020	134,346	Less than \$14,999	3,646	With earnings		39,656
2010	129,699	\$15,000 - \$34,999	6,883	With Social Security income		17,700
2000	124,471	\$35,000 - \$49,999	5,207	With retirement income		13,305
1990	117,810	\$50,000 - \$74,999	8,912	With supplemental security income		3,196
		\$75,000 - \$99,999	7,376	With cash public assistance income		1,634
		\$100,000 or more	19,383	With food stamps/SNAP benefits		6,781
Housing Tenure						
Types		2020	2010	By Occupation:		Employees
Owner occupied		37,874	37,685			
Renter occupied		13,641	11,766	Management, professional, and related		25,699
Vacant:				Service		9,698
Seasonal/Migrant		139	128	Sales and office		13,630
Other vacant units		1,601	2,611	Natural resources, construction, and maintenance		4,309
Total		<u>53,255</u>	<u>52,190</u>	Production, transportation, and material moving		<u>10,869</u>
				Total		<u>64,205</u>
Household Characteristics						
Types		2020	2010	By Industry:		Employees
With seniors 65+		18,119	14,229	Manufacturing		14,198
Without seniors		33,396	35,222	Educational, health, and social services		12,724
Two or more without children		23,360	21,007	Retail trade		7,991
Live alone, over 65		6,501	5,316	Professional, scientific, management, administrative, and waste management services		5,930
Live alone, under 65		7,619	7,791	Arts, entertainment, recreation, accommodation, and food services		5,211
With children		<u>14,035</u>	<u>15,337</u>	Transportation, warehousing, and utilities		3,650
Total households		<u>51,515</u>	<u>49,451</u>	Finance, insurance, real estate, rental, and leasing		3,788
				Other professional and related services		3,240
				Construction		3,239
				Public administration		2,046
				Wholesale trade		1,052
				Information		899
				Agriculture, forestry, fishing and hunting, and mining		237
				Total		<u>64,205</u>
Age Statistics						
Years		2020	2010			
Under 5		5.1%	5.5%			
5 to 19		16.8%	18.7%			
20 to 24		6.2%	6.3%			
25 to 44		25.2%	25.8%			
45 to 64		27.2%	28.5%			
Over 64		19.6%	15.2%			

Source: United States Census Bureau - 2010/2020 Census and 2020 American Community Survey Five Year Estimates

## CITY OF STERLING HEIGHTS, MICHIGAN

### Principal Employers (Major Employers)

Current Year and Ten Years Ago

Employer	Product/Service	Year Ended June 30, 2025		
		Employees	Rank	Total City Employment
Stellantis (FCA US LLC/ Chrysler Group LLC)	Automotive assembly and stamping	7,965	1	12.41%
General Dynamics	Defense-related manufacturing	7,300	2	11.37%
Equans/Conti LLC	Automotive parts	7,091	3	11.04%
Ford Motor Company	Automotive axles and transmissions	3,785	4	5.90%
America's Back Office	HR solutions	3,500	5	5.45%
Utica Community Schools	Education	2,500	6	3.89%
SRG Global Automotive	Automotive parts	1,551	7	2.42%
21 Century Newspapers	Newspaper publishing	1,500	8	2.34%
Corewell Health (Beaumont Health)	Healthcare	1,299	9	2.02%
Kuka Systems Corporation	Metalworking machinery and robotic systems	1,000	10	1.56%
Lakeside Associates	Retail shopping center			
Detroit Media Partnership	Printing plant - newspapers			
Warren Consolidated Schools	Education			
Henry Ford Health System	Healthcare			
U.S. Farathane Corporation	Paints and finishes			
		37,491		58.40%
	Other employers	26,714		
	Total employment	64,205		

Source: City of Sterling Heights, Economic Development Office

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Year Ended June 30, 2016		
Employees	Rank	Total City Employment
3,000	1	4.95%
1,900	4	3.13%
2,300	2	3.79%
1,150	5	1.90%
600	8	0.99%
2,000	3	3.30%
1,000	6	1.65%
790	7	1.30%
600	9	0.99%
580	10	0.96%
<u>13,920</u>		<u>22.96%</u>
<u>46,716</u>		
<u><u>60,636</u></u>		

## CITY OF STERLING HEIGHTS, MICHIGAN

### Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
<b>General Government</b>				
<b>Election Data</b>				
Registered voters	86,465	88,520	84,781	86,629
Voters at polls	8,178	41,578	8,130	35,160
Absentee ballots	8,475	16,443	8,221	14,232
Percent voting	19.00%	65.55%	19.29%	57.02%
<b>41A District Court</b>				
<b>Court Cases</b>				
Civil	2,566	2,612	3,021	3,180
Criminal	3,644	3,321	3,825	4,018
Landlord and tenant	2,161	1,932	1,971	2,164
Small claims	386	393	340	282
Traffic	31,584	31,445	26,847	27,350
<b>Public Safety</b>				
<b>Police Protection</b>				
Adult arrests	3,919	3,612	3,290	3,411
Civil infractions	30,780	26,088	22,994	23,990
Group A offenses (1)	2,871	2,782	3,078	3,210
Group B offenses (2)	3,235	2,917	3,467	4,090
Injury accidents	1,300	1,265	899	925
Juvenile arrests	212	116	99	88
OUIL arrests	169	138	157	120
Parking violations	1,333	1,468	1,116	1,326
Property damage	3,638	3,825	3,915	3,680
Private property damage	644	531	323	197
Total traffic violations	35,610	30,678	26,521	27,986
<b>Fire Protection</b>				
Emergency alarms answered	14,293	14,805	15,930	15,795
Fire inspections conducted	1,232	1,688	1,146	1,235
Inspection violations issued	2,433	24,722	2,500	2,319
Medical emergencies	10,753	11,025	11,808	11,856
Training hours completed	24,359	32,116	35,002	43,780
<b>Recreation and Culture</b>				
<b>Parks and Recreation</b>				
Adult athletics attendance	17,914	21,291	20,051	18,728
Instructional recreation attendance	23,916	22,903	27,143	29,802
Nature program attendance	16,187	15,753	18,085	16,020
50th activity program attendance	101,770	101,825	108,155	101,055
Special event attendance	114,295	93,327	112,833	120,118
Adaptive recreation program attendance	8,460	7,568	7,523	7,135
Summer playground attendance	10,353	12,182	11,254	8,776

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Fiscal Year					
2020	2021	2022	2023	2024	2025
90,254	98,915	99,390	101,557	108,488	107,400
8,798	29,532	7,134	31,506	N/A	28,367
9,105	40,672	12,517	21,052	N/A	25,647
19.84%	70.97%	19.77%	51.75%	0.00%	69.18%
2,467	2,709	2,401	2,296	3,327	4,525
3,057	3,226	1,407	5,175	2,838	3,131
1,538	1,069	2,111	2,806	2,875	2,937
175	100	130	208	250	194
18,567	13,417	18,393	24,534	19,388	17,831
2,529	1,018	1,888	2,454	2,507	2,771
15,510	9,095	15,121	21,210	17,314	14,043
2,800	2,987	3,486	4,047	3,776	3,866
3,877	4,515	4,803	5,041	5,079	4,782
710	653	787	792	815	820
57	31	38	7	5	19
141	116	165	249	278	303
1,097	462	2,291	3,106	1,433	1,747
2,946	2,599	3,436	3,436	2,930	2,801
184	193	218	240	207	234
18,528	10,034	19,459	27,204	21,884	18,622
15,683	16,170	18,130	17,832	17,657	17,930
1,937	2,113	2,141	2,126	2,100	2,785
3,050	3,483	2,913	1,186	1,954	2,885
11,644	12,993	13,957	13,509	13,563	13,821
40,687	42,538	42,159	40,596	33,448	30,930
18,942	13,865	12,407	12,637	13,021	16,743
17,980	12,506	26,276	31,099	40,576	41,065
9,999	5,521	9,531	13,522	12,915	15,423
91,619	33,880	85,208	94,095	110,986	116,962
124,280	55,071	178,894	160,439	145,636	149,740
4,990	2,355	2,978	3,483	5,000	5,522
6,674	1,374	6,649	8,133	7,960	8,185

continued...

## CITY OF STERLING HEIGHTS, MICHIGAN

### Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
<b>Library</b>				
Outreach visits	-	-	-	130
Total room usage	1,528	1,587	1,668	1,600
In-house materials usage	54,742	39,714	32,590	33,526
Interlibrary loan requests	78,015	71,796	69,323	68,940
Interlibrary loans - Lent	70,606	62,818	61,479	61,875
Items circulated	548,414	536,321	565,478	632,157
Library visits	385,398	314,813	241,302	223,577
Electronic database usage	-	-	-	125,076
Program attendance	20,209	23,208	27,721	32,751
Reference transactions	65,587	64,893	59,864	54,365
Registered borrowers	47,334	46,498	66,043	64,449
<b>Water and Sewer Services</b>				
Customers:				
Residential	35,319	35,419	35,494	35,539
Commercial/Industrial	4,297	4,270	4,320	4,333
Water (in thousand cubic feet):				
Purchased from Detroit	636,215	615,045	580,053	584,634
Sold to residents	590,426	629,333	591,358	587,317
Rates (per thousand):				
1,000 CU. FT.	\$ 62.59	\$ 71.79	\$ 74.75	\$ 77.20
Next 2,000 CU.FT.	62.59	71.79	74.75	77.20
Over 3,000 CU.FT.	68.26	78.11	81.51	84.39
Sewer only - Per billing	80.00	85.00	87.00	89.00

(1) Aggravated assault, arson, burglary, criminal sexual conduct and murder, larceny, motor vehicle theft, robbery, etc.

(2) Assault, disorderly conduct, family trouble, negligent homicide, obstructing justice, etc.

N/A - Not available

Source: City of Sterling Heights

Fiscal Year					
2020	2021	2022	2023	2024	2025
130	305	421	490	484	516
1,126	16	2,361	2,375	3,697	4,490
18,710	-	14,103	22,313	35,080	34,127
54,225	71,081	57,795	46,509	40,406	42,937
49,901	69,814	59,758	45,243	37,788	39,875
492,674	347,536	460,384	457,800	486,722	508,670
149,962	43,040	114,189	162,525	179,222	183,194
100,896	109,077	89,002	8,326	13,824	37,064
63,867	33,198	14,733	12,945	18,747	27,960
42,828	50,613	44,940	47,617	47,550	48,926
62,882	65,530	64,287	63,861	70,608	68,903
35,599	34,970	36,738	39,910	39,727	37,128
4,340	4,358	2,871	3,010	2,814	2,763
571,473	657,886	590,785	584,935	562,863	553,064
555,329	620,625	579,482	498,532	558,297	555,620
\$ 81.22	\$ 79.10	\$ 83.10	\$ 85.70	\$ 90.60	\$ 97.30
81.22	79.10	83.10	85.70	90.60	97.30
88.78	92.10	102.00	102.80	111.40	119.40
91.00	93.00	95.00	32.34	33.00	34.00

concluded.

## CITY OF STERLING HEIGHTS, MICHIGAN

### Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
<b>General Government</b>				
<b>Buildings</b>				
City Center Commons	1	1	1	1
41A District Court	1	1	1	1
<b>Public Safety</b>				
<b>Police Protection</b>				
Stations	1	1	1	1
Vehicles - Marked	54	49	51	45
Vehicles - Unmarked	56	57	58	58
<b>Fire Protection</b>				
Stations	5	5	5	5
Vehicles - Extinguishment	16	21	21	23
<b>Public Works</b>				
<b>Streets and Sidewalks</b>				
Miles of City:				
Primary streets	63	63	63	63
Secondary streets	286	286	288	288
Sidewalks	615	617	618	620
Bridges	11	11	11	11
Buildings	2	2	2	1
Street lights	2,535	2,535	2,535	2,535
Vehicles - Snow plows	25	25	25	23
<b>Water and Sewer Services</b>				
Fire hydrants	7,292	7,305	7,317	7,429
Miles of water mains	667	667	667	667
Miles of sanitary sewers	430	430	475	475
<b>Recreation and Culture</b>				
<b>Parks and Recreation</b>				
Acres	820	820	820	820
Developed parks	28	28	28	228
Buildings	3	3	3	3
<b>Library</b>				
Book collections	196,019	190,166	186,932	185,922
Other collections (1)	53,447	64,638	71,715	143,464
Buildings	1	1	1	1
Vehicles - Library van	1	1	1	1

(1) Includes art prints, audio/video cassettes, compact discs, posters, puppets, software discs, etc.

Source: City of Sterling Heights

UNAUDITED

Fiscal Year					
2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
52	52	57	57	57	57
62	62	62	62	62	62
5	5	5	5	5	5
23	23	23	24	24	24
63	63	63	63	63	63
288	289	290	290	290	290
628	639	640	640	641	641
11	11	11	11	11	11
1	1	1	1	1	1
2,535	2,535	2,535	2,535	2,535	2,535
23	23	23	23	23	23
7,428	7,428	7,454	7,455	7,455	7,455
667	667	667	667	667	667
475	475	475	475	475	475
820	821	821	821	821	821
28	28	28	28	28	28
3	3	3	3	3	3
172,302	177,874	174,994	154,651	147,953	140,217
147,271	149,168	181,113	193,944	217,737	242,815
1	1	1	1	1	1
1	1	-	-	-	1

## CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

### Building Permits at Market Value

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential						Total Residential	
	New Construction		Additions/ Improvements		Number	Value		
	Number	Value	Number	Value				
2016	170	\$ 87,099,668	726	\$ 1,528,732			\$ 88,628,400	
2017	247	55,558,146	574	958,155			56,516,301	
2018	155	28,786,551	790	1,101,534			29,888,085	
2019	42	13,392,236	1,401	887,605			14,279,841	
2020	198	38,434,748	1,076	1,107,943			39,542,691	
2021	130	45,584,777	1,465	1,241,345			46,826,122	
2022	128	68,867,372	1,561	1,033,094			69,900,466	
2023	74	34,099,939	1,236	568,316			34,668,255	
2024	59	18,580,198	998	2,256,772			20,836,970	
2025	47	50,486,726	1,137	2,545,493			53,032,219	

Fiscal Year Ended June 30,	Commercial						Total Commercial	
	New Construction		Additions/ Improvements		Number	Value		
	Number	Value	Number	Value				
2016	31	\$ 31,932,939	135	\$ 15,628,005			\$ 47,560,944	
2017	29	81,070,698	94	9,340,587			90,411,285	
2018	31	77,545,580	131	31,448,148			108,993,728	
2019	11	108,794,390	110	29,263,744			138,058,134	
2020	15	74,557,626	90	40,847,483			115,405,109	
2021	10	32,648,979	120	37,667,034			70,316,013	
2022	9	26,217,462	260	58,202,708			84,420,170	
2023	10	14,475,834	99	20,276,906			34,752,740	
2024	12	35,013,682	236	20,803,405			55,817,087	
2025	5	5,815,815	263	33,901,869			39,717,684	

Source: City of Sterling Heights, Office of Building Services

**CITY OF STERLING HEIGHTS, MICHIGAN**

UNAUDITED

**Full-time and Part-time City Government Employees by Function**

Last Ten Fiscal Years

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General government</b>	61	57	63	65	67	72	79	88	89	98
<b>41A District Court</b>	39	41	41	42	43	44	44	45	44	44
<b>Public safety:</b>										
Police	203	202	206	206	206	214	215	218	220	219
Fire	88	88	104	104	106	112	115	113	115	118
<b>Public works:</b>										
City development	29	31	28	31	32	36	36	39	42	39
Public works	34	35	35	19	19	20	20	21	21	20
Street services	24	24	24	28	28	31	31	31	26	26
Engineering	9	9	9	9	9	10	10	10	10	9
<b>Recreation and culture:</b>										
Parks and recreation	12	10	15	17	17	18	18	20	22	22
Library	38	38	38	39	39	41	39	39	40	40
<b>Water and sewer</b>	36	36	40	46	47	51	49	49	49	49
<b>Total</b>	<b>573</b>	<b>571</b>	<b>603</b>	<b>606</b>	<b>613</b>	<b>649</b>	<b>656</b>	<b>673</b>	<b>678</b>	<b>684</b>

Source: City of Sterling Heights

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## **CONTINUING DISCLOSURES**

## CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

### State-Shared Revenue

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Modified Accrual Basis of Accounting	Accrual Basis of Accounting
2016	\$ 10,694,421	\$ 10,776,313
2017	11,259,947	11,389,139
2018	11,626,225	11,721,760
2019	12,149,046	12,162,566
2020	12,532,213	12,055,055
2021	12,818,384	13,743,415
2022	15,281,499	15,487,551
2023	15,867,244	15,581,280
2024	15,685,869	15,911,923
2025	16,034,137	16,032,825

Source: City of Sterling Heights

# CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

## Gas and Weight Taxes

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Type of Street		Gas and Weight Tax (Act 51) Receipts
	Major Roads	Local Roads	
2016	\$ 5,874,539	\$ 2,175,881	\$ 8,050,420
2017	6,755,605	2,504,476	9,260,081
2018	8,095,038	3,002,237	11,097,275
2019	8,635,594	3,203,092	11,838,686
2020	9,021,127	3,347,971	12,369,098
2021	9,924,666	3,685,896	13,610,562
2022	10,706,768	3,972,053	14,678,821
2023	11,168,764	4,141,227	15,309,991
2024	11,446,946	4,250,958	15,697,904
2025	11,983,273	4,452,161	16,435,434

Source: City of Sterling Heights

**CITY OF STERLING HEIGHTS, MICHIGAN**

UNAUDITED

**Labor Agreements**

June 30, 2025

Name	Contract Expiration Date	Actual Number of Employees Covered	
		Full Time	Part Time
<b>Union Employees</b>			
Police Officers Michigan Association of Police (MAP)	6/30/2027	126	-
Firefighters International Association of Firefighters, Local 1557	6/30/2029	113	-
Technical/Office Employees Michigan Association of Public Employees (MAPE)	6/30/2029	73	31*
Department of Public Works Field Employees Teamsters, Local 214	6/30/2028	60	-
Police Command Officers Sterling Heights Police Command Officers Association	6/30/2029	37	-
Professional and Technical Employees Michigan Association of Public Employees (MAPE)	6/30/2026	53	11
Court Clerical AFSCME, Local 1884, Council 25	6/30/2025	20	3
Police Clerical Employees Michigan Association of Police (MAP)	6/30/2026	20	-
Supervisory Employees Michigan Association of Public Employees (MAPE)	6/30/2029	18	-
Executive Employees Sterling Heights Executive Group	6/30/2029	7	-
Department of Public Works Supervisors AFSCME, Local 1917, Council 25	6/30/2028	9	-
<b>Nonunion Employees</b>			
41A District Court Administration	N/A	11	-
41A District Court Judges	N/A	3	-
Ordinance Employees	N/A	3	-

\* Includes 13 part-time employees that are excluded from the part-time limit.

Source: City of Sterling Heights, Office of City Management

CULTIVATING COMMUNITY

# STERLING HEIGHTS



## STERLING HEIGHTS CITY COUNCIL

Mayor Michael C. Taylor

Mayor Pro Tem Liz Sierawski

Councilman Robert Mijac

Councilman Michael V. Radtke Jr.

Councilwoman Maria G. Schmidt

Councilman Henry Yanez

Councilwoman Barbara A. Ziarko

## STERLING HEIGHTS CITY MANAGER

Mark D. Vanderpool

## FINANCE & BUDGET DIRECTOR

Jennifer L. Varney