CITY OF PONTIAC GENERAL EMPLOYEES' RETIREMENT SYSTEM AND
CITY OF PONTIAC REESTABLISHED GENERAL EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL STATEMENTS
(With Supplementary Information)

February 28, 2026, December 31, 2025, and December 31, 2024

CPAs | ADVISORS

CITY OF PONTIAC GENERAL EMPLOYEES' RETIREMENT SYSTEM AND
CITY OF PONTIAC REESTABLISHED GENERAL EMPLOYEES' RETIREMENT SYSTEM

CONTENTS

GJC

CPAs | ADVISORS

INDEPENDENT AUDITOR'S REPORT

June 29, 2026

To the Boards of Trustees
City of Pontiac General Employees' Retirement System and
City of Pontiac Reestablished General Employees' Retirement System

Opinion

We have audited the financial statements of the City of Pontiac General Employees' Retirement System (the "GERS") and the City of Pontiac Reestablished General Employees' Retirement System (collectively, the "Systems"), pension trust funds of the City of Pontiac, Michigan (the "City"), which comprise the statement of fiduciary net position of the GERS as of February 28, 2026, the related statement of changes in fiduciary net position of the GERS for the two-month period then ended, the statements of fiduciary net position of the Systems as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position of the Systems for the years then ended, as well as the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the GERS as of February 28, 2026, the changes in the GERS' fiduciary net position for the two-month period then ended, the fiduciary net position of the Systems as of December 31, 2025 and 2024, and the changes in the Systems' fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audits of the Financial Statements" section of our report. We are required to be independent of the Systems and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Adoption of New Accounting Pronouncements

As discussed in Note B, effective January 1, 2025, the Systems have adopted the provisions contained in Statement of Government Accounting Standards No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matter — Reporting Entity

As discussed in Note A, the Systems are included in the annual comprehensive financial report of the City. The accompanying financial statements present only the Systems and do not purport to, and do not, present fairly the financial position of the City as of February 28, 2026, the changes in its financial position for the two-month period then ended, the financial position of the City as of December 31, 2025 and 2024, and the changes in its financial position for the years then ended, in accordance with U.S. GAAP. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

The Systems' management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, 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 Systems' ability to continue as going concerns for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS:

- We exercise professional judgment and maintain professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we 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.

- We 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 Systems' internal control. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audits of the Financial Statements (continued)

- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.

- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Systems' ability to continue as going concerns 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 11 and the pension information on pages 40 through 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, 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.

GJC CPAs & Adams

Detroit, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

February 28, 2026, December 31, 2025, and December 31, 2024

This section of the annual report of the City of Pontiac General Employees' Retirement System (the "GERS") and the City of Pontiac Reestablished General Employees' Retirement System (the "RGERS") (collectively, the "Systems") presents management's discussion and analysis of the Systems' financial performance during the plan years that ended on December 31, 2025 and 2024, as well as the GERS' financial performance during the two-month period that ended on February 28, 2026. Please read it in conjunction with the Systems' financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Overall Fund Structure and Objectives

The Systems exist to pay benefits to their members and retirees pursuant to the terms of the City of Pontiac (the "City") ordinance. Active members earn service credit that entitles them to receive benefits in the future. As a result of the Systems' funding status, there are no actuarially required contributions, which has resulted in benefit payments exceeding contributions. The excess of benefits over contributions must be funded through investment income. The public capital markets represent the primary source of investments for the GERS and the RGERS.

Asset Allocation

The Systems have each established separate asset allocation policies that are expected to deliver sufficient investment income over the long term to satisfy the obligations to pay promised pension benefits. The following is a summary of the asset allocation targets adopted by the GERS and the RGERS as of December 31, 2025 and 2024:

Asset Class	Target Allocation
Domestic equities	50 %
Domestic fixed income	25
International equities	5
Emerging markets	5
Real estate	10
Private equities	5
	100 %

FINANCIAL HIGHLIGHTS (CONTINUED)

Investment Results

2025 began with turbulence, as new tariffs in April drove the S&P 500 down nearly 20 percent from its peak. The Federal Reserve responded by cutting interest rates 75 basis points amid persistent inflation and a weakening labor market. Despite these headwinds, the U.S. economy remained resilient, supported by strong consumer spending and a surge in investment in artificial intelligence. Markets rebounded following tariff adjustments, closing the year with robust gains across the major indices. Heading into 2026, uncertainty persists due to high valuations and global risks, though the economic foundation remains supportive.

Investing involves cycles, corrections and volatility. The Systems' Boards of Trustees and staff work diligently with the investment consultant to monitor managers, evaluate performance, and implement long-term diversification strategies designed to achieve market returns while minimizing risk. In 2025, the Systems' portfolio returned 11.4 percent, driven by strong performance in U.S., international, and emerging market equities, as well as from fixed income and private equity allocations, while real estate allocations faced challenges due to a difficult U.S. real estate market.

The 2025 actuarial report reflected a 158.2 percent funding ratio at an assumed annual rate of return of six percent. The valuation, performed in accordance with Governmental Accounting Standards Board Statement No. 68, reflected a long-term real mean return of 6.4 percent as of December 31, 2025.

Plan Sponsor Financial Condition and Update

The settlement agreement which was reached in the retiree health care litigation was approved by the court in 2018. In March 2021, the Internal Revenue Service approved the City's request to terminate the GERS, effective March 31, 2021, establish the RGERS, effective April 1, 2021, and transfer the excess assets to a newly created trust, the City of Pontiac VEBA Trust (the "VEBA Trust"), to provide the funding for retiree health care.

In the first quarter of 2022, transfers were made to the RGERS and the VEBA Trust in compliance with the terms of the settlement agreement. Pursuant to the settlement agreement, all liabilities for pension benefits were transferred to the RGERS, and pension benefits are now only payable out of RGERS assets. Approximately $66 million remained in the GERS after the first quarter 2022 transfers were made.

FINANCIAL HIGHLIGHTS (CONTINUED)

Plan Sponsor Financial Condition and Update (continued)

Subsequently, the City and the City of Pontiac Retired Employees Association (the "CPREA") entered into an agreement to amend the settlement agreement. The court approved the amended settlement agreement on December 11, 2025. The amended settlement agreement required the following actions:

- Within 15 days of the court's approval, the RGERS would transfer 50 percent of the approximately $66 million of remaining assets in the GERS to the RGERS to fund an enhanced benefit.

- Within the same 15-day period, the Systems would transfer the remaining 50 percent of the approximately $66 million in assets, less $730,685, to the VEBA Trust. The $730,685 would be transferred to the City for payment of CPREA attorney fees.

- Within 30 days following the transfer of assets to the RGERS, the RGERS would pay an enhanced benefit to eligible retirees and beneficiaries, retroactive to February 1, 2022.

- Effective January 1, 2026, the RGERS would pay a monthly enhanced benefit during each calendar year in which the RGERS' funding level equals or exceeds 130 percent. No enhanced benefit would be paid for any month in a calendar year in which the RGERS' funding level falls below 130 percent.

All actions required by the amended settlement agreement have been completed. The GERS submitted the custody account closing letter of direction to Northern Trust, the Systems' custodian, on December 29, 2025. The GERS account was closed in February 2026, after all accrual items had been cleared.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains the Systems' financial statements, which consist of the statements of fiduciary net position and the statements of changes in fiduciary net position (presented on pages 12 through 15). These financial statements report information about the Systems as a whole using accounting methods similar to those used by private-sector pension plans. The statements of fiduciary net position include all of the Systems' assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current period's increases and decreases in the Systems' net position are accounted for in the statements of changes in fiduciary net position, under the accrual basis of accounting.

These financial statements report the Systems' net position and how it has changed. Net position represents the difference between the Systems' total of assets and deferred outflows of resources and their total of liabilities and deferred inflows of resources, and it represents one way to measure the Systems' financial health, or position. Over time, increases or decreases in the Systems' net position may be affected by several variables, such as benefit design changes, contributions, investment performance, participant distributions during the current period due to retirements, terminations, and the Systems' administrative expenses.

The notes to the financial statements, which begin on page 16, explain some of the information in the financial statements and provide more detailed data.

FINANCIAL ANALYSIS OF THE SYSTEMS AS A WHOLE

Table 1
Condensed Statements of Fiduciary Net Position
February 28, 2026, December 31, 2025, December 31, 2024, and December 31, 2023

	2026	2025		2024		2023	
	GERS	**GERS**	**RGERS**	**GERS**	**RGERS**	**GERS**	**RGERS**
Assets:							
Investments	$ -0-	$ 4,210	$ 466,503,869	$ 62,413,085	$ 409,181,948	$ 57,000,598	$ 393,918,241
Other assets	-0-	51,689	1,088,023	165,164	1,822,234	251,293	1,634,259
Total Assets	**-0-**	**55,899**	**467,591,892**	**62,578,249**	**411,004,182**	**57,251,891**	**395,552,500**
Liabilities	-0-	-0-	524,088	825,919	405,554	679,768	515,468
Net Position Restricted for Pensions	**$ -0-**	**$ 55,899**	**$ 467,067,804**	**$ 61,752,330**	**$ 410,598,628**	**$ 56,572,123**	**$ 395,037,032**

The assets reported above reflect the total value of assets held in the GERS and RGERS accounts. The combined market value of assets held within the GERS and the RGERS totaled $467.1 million as of December 31, 2025.

FINANCIAL ANALYSIS OF THE SYSTEMS AS A WHOLE (CONTINUED)

Table 2
Condensed Statements of Changes in Fiduciary Net Position
For the Two-Month Period Ended February 28, 2026
and the Years Ended December 31, 2025, 2024, and 2023

	2026	2025		2024		2023	
	GERS	GERS	RGERS	GERS	RGERS	GERS	RGERS
Additions:							
Net investment income (loss)	$ (24)	$ 1,036,393	$ 5,564,095	$ 1,075,154	$ 5,584,347	$ 1,027,258	$ 3,903,760
Transfer of assets from GERS	-0-	-0-	32,968,915	-0-	-0-	-0-	66,239
Other income	-0-	-0-	475	8,540	269	-0-	29,399
Total Additions	**(24)**	**1,036,393**	**38,533,485**	**1,083,694**	**5,584,616**	**1,027,258**	**3,999,398**
Deductions:							
Participant benefit payments	-0-	-0-	20,373,653	-0-	20,895,708	-0-	21,344,110
Administrative expenses	-0-	105,397	920,620	10,298	827,968	43,883	683,775
Transfer of assets to RGERS	56,257	32,968,915	-0-	-0-	-0-	66,239	-0-
Transfers to VEBA Trust	-0-	32,310,466	-0-	-0-	-0-	-0-	-0-
Transfers to City	-0-	730,685	-0-	-0-	-0-	-0-	-0-
Total Deductions	**$ 56,257**	**$ 66,115,463**	**$ 21,294,273**	**$ 10,298**	**$ 21,723,676**	**$ 110,122**	**$ 22,027,885**

FINANCIAL ANALYSIS OF THE SYSTEMS AS A WHOLE (CONTINUED)

Table 2
Condensed Statements of Changes in Fiduciary Net Position (continued)
For the Two-Month Period Ended February 28, 2026
and the Years Ended December 31, 2025, 2024, and 2023

	2026	2025		2024		2023	
	GERS	**GERS**	**RGERS**	**GERS**	**RGERS**	**GERS**	**RGERS**
Gains and Losses:							
Net appreciation in fair value of investments	$ 382	$ 3,382,639	$ 39,229,964	$ 4,106,811	$ 31,700,656	$ 4,598,931	$ 30,828,685
Change in Net Position Restricted for Pensions	**(55,899)**	**(61,696,431)**	**56,469,176**	**5,180,207**	**15,561,596**	**5,516,067**	**12,800,198**
Net Position Restricted for Pensions, Beginning of Period	55,899	61,752,330	410,598,628	56,572,123	395,037,032	51,056,056	382,236,834
Net Position Restricted for for Pensions, End of Period	**$ -0-**	**$ 55,899**	**$ 467,067,804**	**$ 61,752,330**	**$ 410,598,628**	**$ 56,572,123**	**$ 395,037,032**

The table above illustrates the net position of the GERS and the RGERS for the periods reflected.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of the Systems' finances and to demonstrate the Systems' accountability for the funds they hold. If you have any questions about this report or need additional financial information, contact the Systems' office at 2201 Auburn Road, Suite B, Auburn Hills, Michigan 48326.

STATEMENTS OF FIDUCIARY NET POSITION

February 28, 2026, December 31, 2025, and December 31, 2024

	2026	2025			2024		
	City of Pontiac General Employees' Retirement System	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)
Assets:							
Investments at fair value (Note C):							
Common stocks	$ -0-	$ 4,210	$ 211,080,275	$ 211,084,485	$ 37,041,120	$ 188,428,757	$ 225,469,877
Corporate bonds	-0-		22,835,767	22,835,767	588,909	17,596,209	18,185,118
Government bonds	-0-		42,071,607	42,071,607	6,435,243	32,500,330	38,935,573
Municipal and provincial bonds	-0-		27,001,899	27,001,899	7,608,237	19,625,949	27,234,186
Government agency notes	-0-		12,744,371	12,744,371	3,196,655	9,526,139	12,722,794
U.S. government mortgage-backed securities	-0-		13,617,293	13,617,293	325,322	11,362,300	11,687,622
Residential and other asset-backed securities	-0-		1,865,730	1,865,730	93,694	3,507,930	3,601,624
Short-term investments	-0-		19,490,243	19,490,243	6,546,488	10,927,495	17,473,983
International equities	-0-		17,648,428	17,648,428	577,417	15,183,173	15,760,590
Private equity funds	-0-		4,159,834	4,159,834		5,053,765	5,053,765
Total Investments at Fair Value	**-0-**	**4,210**	**372,515,447**	**372,519,657**	**62,413,085**	**313,712,047**	**376,125,132**
Investments measured at net asset value (Note C):							
Commingled funds:							
Domestic	-0-		37,297,265	37,297,265		32,499,296	32,499,296
International	-0-		22,329,205	22,329,205		26,196,224	26,196,224
Real estate funds	-0-		34,361,952	34,361,952		36,774,381	36,774,381
Total Investments Measured at Net Asset Value	**-0-**	**-0-**	**93,988,422**	**93,988,422**	**-0-**	**95,469,901**	**95,469,901**
Total Investments	**$ -0-**	**$ 4,210**	**$ 466,503,869**	**$ 466,508,079**	**$ 62,413,085**	**$ 409,181,948**	**$ 471,595,033**

See notes to financial statements.

CITY OF PONTIAC GENERAL EMPLOYEES' RETIREMENT SYSTEM AND
CITY OF PONTIAC REESTABLISHED GENERAL EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF FIDUCIARY NET POSITION (CONTINUED)

February 28, 2026, December 31, 2025, and December 31, 2024

	2026	2025			2024		
	City of Pontiac General Employees' Retirement System	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)
Assets (continued):							
Other assets:							
Cash and cash equivalents	$ -0-	$ 22,442	$ 6,293	$ 28,735	$ -0-	$ -0-	$ -0-
Accrued interest receivable	-0-	29,247	1,031,300	1,060,547	165,164	958,550	1,123,714
Other receivables	-0-		588	588		825,920	825,920
Prepaid expenses	-0-		49,842	49,842		37,764	37,764
Total Other Assets	-0-	51,689	1,088,023	1,139,712	165,164	1,822,234	1,987,398
Total Assets	**-0-**	**55,899**	**467,591,892**	**467,647,791**	**62,578,249**	**411,004,182**	**473,582,431**
Liabilities:							
Accounts payable and other liabilities	-0-		524,088	524,088	825,919	405,554	1,231,473
Net Position Restricted for Pensions (Note B)	**$ -0-**	**$ 55,899**	**$ 467,067,804**	**$ 467,123,703**	**$ 61,752,330**	**$ 410,598,628**	**$ 472,350,958**

See notes to financial statements.

CITY OF PONTIAC GENERAL EMPLOYEES' RETIREMENT SYSTEM AND
CITY OF PONTIAC REESTABLISHED GENERAL EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Two-Month Period Ended February 28, 2026
and the Years Ended December 31, 2025 and 2024

	2026	2025			2024		
	City of Pontiac General Employees' Retirement System	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)
Additions:							
Investment income:							
Interest and dividends	$ 509	$ 1,273,586	$ 7,139,000	$ 8,412,586	$ 1,289,844	$ 7,023,602	$ 8,313,446
Less: Investment expenses	(533)	(237,193)	(1,574,905)	(1,812,098)	(214,690)	(1,439,255)	(1,653,945)
Net Investment Income (Loss)	(24)	1,036,393	5,564,095	6,600,488	1,075,154	5,584,347	6,659,501
Miscellaneous income	-0-		475	475	8,540	269	8,809
Plan-to-plan resource movement (Note A)	-0-		32,968,915	32,968,915			-0-
Total Additions	**(24)**	**1,036,393**	**38,533,485**	**39,569,878**	**1,083,694**	**5,584,616**	**6,668,310**
Deductions:							
Participant benefit payments	-0-		20,373,653	20,373,653		20,895,708	20,895,708
Administrative expenses	-0-	105,397	920,620	1,026,017	10,298	827,968	838,266
Plan-to-plan resource movement (Note A)	56,257	32,968,915		32,968,915			-0-
Transfers to City of Pontiac VEBA Trust	-0-	32,310,466		32,310,466			-0-
Transfers to City of Pontiac	-0-	730,685		730,685			-0-
Total Deductions	**$ 56,257**	**$ 66,115,463**	**$ 21,294,273**	**$ 87,409,736**	**$ 10,298**	**$ 21,723,676**	**$ 21,733,974**

See notes to financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)

**For the Two-Month Period Ended February 28, 2026
and the Years Ended December 31, 2025 and 2024**

	2026	2025			2024		
	City of Pontiac General Employees' Retirement System	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)	City of Pontiac General Employees' Retirement System	City of Pontiac Reestablished General Employees' Retirement System	Total (Memorandum Only)
Gains and Losses:							
Net appreciation in fair value of investments	$ 382	$ 3,382,639	$ 39,229,964	$ 42,612,603	$ 4,106,811	$ 31,700,656	$ 35,807,467
Change in Net Position Restricted for Pensions	**(55,899)**	**(61,696,431)**	**56,469,176**	**(5,227,255)**	**5,180,207**	**15,561,596**	**20,741,803**
Net Position Restricted for Pensions, Beginning of Period	55,899	61,752,330	410,598,628	472,350,958	56,572,123	395,037,032	451,609,155
Net Position Restricted for Pensions, End of Period	**$ -0-**	**$ 55,899**	**$ 467,067,804**	**$ 467,123,703**	**$ 61,752,330**	**$ 410,598,628**	**$ 472,350,958**

See notes to financial statements.

NOTE A — DESCRIPTION OF THE SYSTEMS

Reporting Entity

The City of Pontiac, Michigan (the "City") sponsors and administers the City of Pontiac General Employees' Retirement System (the "GERS") and the City of Pontiac Reestablished General Employees' Retirement System (the "RGERS") (collectively, the "Systems"), contributory single-employer retirement plans. The financial statements of the Systems are also included in the financial statements of the City as pension trust funds. The assets of the pension trust funds include no securities of, or loans to, the City or any other related party.

The GERS transferred the balance of its assets to the RGERS during 2025 and 2026, and the GERS account was closed in February 2026. The accompanying financial statements present the net position and changes in net position of the GERS as of, and for the two-month period ended, February 28, 2026, as well the net position and changes in net position of the GERS and the RGERS as of, and for the years ended, December 31, 2025 and 2024.

System Administration

The Systems' Boards of Trustees (the "Boards") administer the single-employer defined benefit pension plans that provide pensions for substantially all permanent full-time general employees of the City, except police and fire employees. Benefit terms have been established by contractual agreements between the City and the various employee union representatives.

Each of the Boards consists of 11 members, as follows:

- A member of the Pontiac City Council (the "City Council") to be selected by the City Council
- The mayor of the City
- The finance director of the City
- Three citizen appointees
- Three member trustees, one elected by active employees and two elected by active, deferred, and retired members, one of whom is elected by current or former employees of the 50th District Court
- One retiree trustee elected by retirees
- One hospital member (who may be a deferred vested member or a retired member) of the Systems who was formerly employed by Pontiac General Hospital, elected via an election conducted by the hospital with the assistance of the retirement office

NOTE A — DESCRIPTION OF THE SYSTEMS (CONTINUED)

Plan-to-Plan Resource Movement

In March 2021, the Internal Revenue Service approved the City's request to terminate the GERS, to establish a new plan, the RGERS, and to transfer the excess assets to a newly created voluntary employees' beneficiary association ("VEBA"), the City of Pontiac VEBA Trust (the "VEBA Trust"), to provide funding for retiree health care. The movement of resources occurred primarily in 2022, with additional resources moved in 2023, 2025, and 2026. The amount of net position transferred from the GERS to the RGERS was $32,968,915 in 2025 and $56,257 in 2026.

Contributions

Article 9, Section 24 of the State of Michigan (the "State") Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Boards retain an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the Systems' members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of the Systems' members are established in accordance with City ordinances, union contracts, and plan provisions. For the years ended December 31, 2025 and 2024, the active members were not required to contribute to the Systems. The City is required to contribute at an actuarially determined rate. In accordance with the actuary's recommendation, the City was not required to make a contribution to the Systems during 2025 or 2024. Also, no contributions were required or made to the GERS for the two-month period ended February 28, 2026.

Pension Benefits

The Systems provide retirement benefits, as well as death and disability benefits. Employees may receive cost of living adjustments as a percentage of their retirement allowance, pursuant to the collective bargaining agreement or employment agreement in effect at their date of retirement. The obligation to contribute to and maintain the Systems was established by City ordinance and negotiation with the employees' collective bargaining units.

In 2013, Ordinance No. 2300 was passed and, because of this, the retirees received a $400 per month temporary increase in pension benefits, which was slated to expire on August 31, 2015. Subsequently, the City passed the following ordinances to extend payment of this benefit increase:

- Ordinance No. 2327, extending the increase through August 31, 2016
- Ordinance No. 2337, extending the increase through August 31, 2017
- Ordinance No. 2346, extending the increase through August 31, 2018

NOTE A — DESCRIPTION OF THE SYSTEMS (CONTINUED)

Pension Benefits (continued)

- Ordinance No. 2356, extending the increase through August 31, 2019
- Ordinance No. 2369, extending the increase through August 31, 2020
- Ordinance No. 2377, extending the increase through August 31, 2021
- Ordinance No. 2385, extending the increase through December 31, 2021
- Ordinance No. 2389, extending the increase through December 31, 2022

Ordinance No. 2389 extended the temporary increase through December 31, 2022, or when the VEBA Trust begins providing health care benefits to retirees, whichever comes first. As of February 28, 2026, no additional ordinance has been passed.

System Participants

The number of RGERS participants as of December 31, 2025 and 2024 is as follows:

	2025	2024
Retirees and beneficiaries	932	959
Vested inactive members	78	86
Vested active members	12	12
	1,022	**1,057**

There are no participants in the GERS as of February 28, 2026, December 31, 2025, or December 31, 2024.

The GERS was closed to all new hires after April 1, 2013, except for those new hires who are hired under the Michigan Association of Public Employees ("MAPE", representing the 50th District Court employees) collective bargaining agreement. In 2022, MAPE approved an agreement that closed the RGERS to all new hires, effective July 1, 2022.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Systems' financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan document. Administrative expenses are financed through investment earnings.

Adoption of New Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") issued Statement of Governmental Accounting Standards ("SGAS") No. 102, *Certain Risk Disclosures*, in December 2023. SGAS No. 102 requires governmental entities to assess whether a concentration or constraint makes the entity vulnerable to the risk of a substantial impact, and also requires governmental entities to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The Systems adopted the provisions of SGAS No. 102 as of January 1, 2025. The implementation of SGAS No. 102 did not impact the Systems' net position restricted for pensions or changes in net position restricted for pensions.

Net Position Restricted for Pensions

Net position restricted for pensions includes the following reserves:

Retiree Reserve

The retiree reserve is 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 reserve is funded by actuarially determined transfers from the City.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Restricted for Pensions (continued)

Employee Reserve

The employee reserve is credited as employee contributions are received throughout the year; the System maintains a record of the amount contributed by each employee and credits interest annually at a rate of four percent. Balances are returned to employees who terminate before vesting in the Systems. For those who stay until retirement, the balances are transferred into the retiree reserve.

The reserve balances of the RGERS as of December 31, 2025 and 2024 are as follows:

	2025	2024
Retiree reserve	$ 241,614,695	$ 247,667,117
Employee reserve	9,474	79,414

The GERS has no reserve balances as of February 28, 2026, December 31, 2025, or December 31, 2024.

Investments

The Systems' investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market value are reported at estimated fair value, as determined by the Systems' management. These estimates are determined using audited financial statements issued by the private equity companies, commingled funds, or partnerships in which such investments are held, adjusted by management as deemed appropriate, based on known circumstances.

There are inherent limitations in any estimation technique. Because of the inherent uncertainty of valuations, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

Dividend income is recognized based on the ex-dividend date, and interest income is recognized on the accrual basis as earned. All realized gains and losses on investments are recognized at the point of sale and are included in investment income. Purchases and sales of investments are recorded as of the trade date, which is the date when the transaction is initiated. Net appreciation and depreciation include gains and losses on investments bought and sold, as well as held, during the period.

Fair Value Measurements

The Systems use fair value measurements in the preparation of their financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Systems utilize market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Systems apply assumptions that market participants would use in pricing an asset or liability, including an assumption about market risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Systems have the ability to access

- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

NOTE C — DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Michigan Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Systems are allowed to invest in the following:

- 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 mature no more than 270 days after the date of purchase
- Obligations of the State or its political subdivisions that are rated as investment grade
- Mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan

The Systems are also authorized by Michigan Public Act 314 of 1965, as amended ("Act 314"), 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 Systems' assets exceed $250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Systems have designated one bank for the deposit of its funds. The investment policy adopted by the Boards in accordance with Michigan Public Act 196 of 1997 has authorized investment in all allowable investments under Michigan Public Act 347 of 2012, as amended. The Systems' deposit and investment policies are in accordance with statutory authority.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Allocation Policy

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

The adopted asset allocation policies as of December 31, 2025 and 2024 are as follows:

Asset Class	Target Allocation
Domestic equities:	
All cap	14 %
Large cap	10
Mid cap	15
Small cap	11
International equities	5
Emerging markets equities	5
Fixed income:	
Core	25
Real estate	10
Private equities	5
	100 %

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value

The Systems' fair value hierarchy for those assets measured on a recurring basis as of December 31, 2025 and 2024 is summarized as follows:

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
GERS				
2025				
Assets:				
Investments at fair value:				
Common stocks	$ 4,210	$ -0-	$ -0-	$ 4,210
Total Investments	**$ 4,210**	**$ -0-**	**$ -0-**	**$ 4,210**
2024				
Assets:				
Investments at fair value:				
Common stocks	$ 37,041,120	$ -0-	$ -0-	$ 37,041,120
Corporate bonds		588,909		588,909
Government bonds		6,435,243		6,435,243
Municipal and provincial bonds		7,608,237		7,608,237
Government agency notes		3,196,655		3,196,655
U.S. government mortgage-backed securities		325,322		325,322
Residential and other asset-backed securities		93,694		93,694
Short-term investments	6,546,488			6,546,488
International equities	577,417			577,417
Total Investments	**$ 44,165,025**	**$ 18,248,060**	**$ -0-**	**$ 62,413,085**

The GERS did not have any investments as of February 28, 2026.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value (continued)

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
RGERS				
2025				
Assets:				
Investments at fair value:				
Common stocks	$ 211,080,275	$ -0-	$ -0-	$ 211,080,275
Corporate bonds		22,835,767		22,835,767
Government bonds		42,071,607		42,071,607
Municipal and provincial bonds		27,001,899		27,001,899
Government agency notes		12,744,371		12,744,371
U.S. government mortgage-backed securities		13,617,293		13,617,293
Residential and other asset-backed securities		1,865,730		1,865,730
Short-term investments	19,490,243			19,490,243
International equities	17,648,428			17,648,428
Private equity funds			4,159,834	4,159,834
Total Investments at Fair Value	**$ 248,218,946**	**$ 120,136,667**	**$ 4,159,834**	**372,515,447**
Investments measured at net asset value:				
Commingled funds:				
Domestic				37,297,265
International				22,329,205
Real estate funds				34,361,952
Total Investments Measured at Net Asset Value				**93,988,422**
Total Investments				**$ 466,503,869**

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value (continued)

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
RGERS (continued)				
2024				
Assets:				
Investments at fair value:				
Common stocks	$ 188,428,757	$ -0-	$ -0-	$ 188,428,757
Corporate bonds		17,596,209		17,596,209
Government bonds		32,500,330		32,500,330
Municipal and provincial bonds		19,625,949		19,625,949
Government agency notes		9,526,139		9,526,139
U.S. government mortgage-backed securities		11,362,300		11,362,300
Residential and other asset-backed securities		3,507,930		3,507,930
Short-term investments	10,927,495			10,927,495
International equities	15,183,173			15,183,173
Private equity funds			5,053,765	5,053,765
Total Investments at Fair Value	**$ 214,539,425**	**$ 94,118,857**	**$ 5,053,765**	**313,712,047**
Investments measured at net asset value:				
Commingled funds:				
Domestic				32,499,296
International				26,196,224
Real estate funds				36,774,381
Total Investments Measured at Net Asset Value				**95,469,901**
Total Investments				**$ 409,181,948**

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at Net Asset Value

The Systems hold shares or interests in investment assets for which the fair value of the investments is measured on a recurring basis using net asset value ("NAV") per share (or its equivalent) of the assets as a practical expedient. Investments in commingled funds consist of funds that invest primarily in domestic, international, and emerging markets publicly traded equities, as well as an investment in a limited partnership that invests in international publicly traded equities. Investments in real estate funds consist of partnerships and separate account insurance contracts that invest primarily in commercial real estate. The fair values of these investments have been estimated using the NAV per share of the Systems' ownership interest in partners' capital or of the investments.

Additional information as of December 31, 2025 and 2024 about the nature and risk of the RGERS' investments that calculate NAV per share as a practical expedient is as follows:

	Net Asset Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
2025			
Commingled funds:			
Domestic	$ 37,297,265	Daily/monthly	10 days
International	22,329,205	Daily/monthly	10 days
Real estate funds	34,361,952	Monthly/quarterly	10-180 days
	$ 93,988,422		
2024			
Commingled funds:			
Domestic	$ 32,499,296	Daily/monthly	10 days
International	26,196,224	Daily/monthly	10 days
Real estate funds	36,774,381	Monthly/quarterly	10-180 days
	$ 95,469,901		

There are no unfunded commitments to acquire additional units of these investments as of December 31, 2025 or 2024.

The GERS does not have any investments that calculate NAV per share as a practical expedient as of February 28, 2026, December 31, 2025, or December 31, 2024.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks

The Systems' deposits and investments are subject to certain types of risk, as discussed below:

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Systems' deposits may not be returned to them. State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State that are also members of a federal or national insurance corporation.

The Systems do not have a deposit policy for custodial credit risk. As of December 31, 2025 and 2024, the Systems have no bank deposits (certificates of deposit, checking accounts, or savings accounts) that were uninsured or uncollateralized. Also, as of February 28, 2026, the GERS has no bank deposits (certificates of deposit, checking accounts, or savings accounts) that were uninsured or uncollateralized. The Systems continue to evaluate each financial institution with which they deposit funds and assess the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Systems would not be able to recover the value of their investments that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the entity, and are held by either the counterparty, or the counterparty's trust department or agent, but not in the entity's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Systems' investment policy limits investments in domestic fixed income securities so that the overall quality rating of each high-grade portfolio must be BBB or an equivalent rating. For domestic equity investments, the securities must be the equivalent of Standard & Poor's A1 or Moody's P-1. Ratings are not required for U.S. treasuries or certain money market funds.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Credit Risk (continued)

The Systems' investments in debt securities as of December 31, 2025 and 2024 for which credit risk disclosures are required were rated as follows:

	Corporate Bonds	Government Bonds	Municipal and Provincial Bonds	Government Agency Notes	Residential and Other Asset-Backed Securities	Short-Term Investments	Total
GERS							
2024							
Moody's rating:							
Aaa	$ -0-	$ 5,782,292	$ 806,335	$ 2,536,444	$ -0-	$ -0-	$ 9,125,071
Aa			1,379,768				1,379,768
A	148,729		245,311				394,040
Baa	440,180				40,268		480,448
C					45,812		45,812
Unrated			5,176,823	660,211	7,614	6,546,488	12,391,136
	$ 588,909	**$ 5,782,292**	**$ 7,608,237**	**$ 3,196,655**	**$ 93,694**	**$ 6,546,488**	**$ 23,816,275**

The GERS did not have any investments in debt securities as of February 28, 2026 or December 31, 2025.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Credit Risk (continued)

	Corporate Bonds	Government Bonds	Municipal and Provincial Bonds	Government Agency Notes	Residential and Other Asset-Backed Securities	Short-Term Investments	Total
RGERS							
2025							
Moody's rating:							
Aaa	$ 82,901	$ -0-	$ 4,969,749	$ -0-	$ 1,440,956	$ -0-	$ 6,493,606
Aa	1,273,099	42,071,607	6,349,704	12,744,371			62,438,781
A	9,168,441						9,168,441
Baa	11,709,848				109,317		11,819,165
Ba	201,519						201,519
C					151,175		151,175
Unrated	399,959		15,682,446		164,282	19,490,243	35,736,930
	$ 22,835,767	**$ 42,071,607**	**$ 27,001,899**	**$ 12,744,371**	**$ 1,865,730**	**$ 19,490,243**	**$ 126,009,617**

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Credit Risk (continued)

	Corporate Bonds	Government Bonds	Municipal and Provincial Bonds	Government Agency Notes	Residential and Other Asset-Backed Securities	Short-Term Investments	Total
RGERS (continued)							
2024							
Moody's rating:							
Aaa	$ 82,488	$ 30,821,314	$ 2,051,577	$ 7,845,604	$ 3,161,771	$ -0-	$ 43,962,754
Aa	281,548		3,538,401				3,819,949
A	6,958,849		637,810				7,596,659
Baa	9,784,199				90,388		9,874,587
Ba	195,960						195,960
C					106,895		106,895
Unrated	293,165		13,398,161	1,680,535	148,876	10,927,495	26,448,232
	$ 17,596,209	**$ 30,821,314**	**$ 19,625,949**	**$ 9,526,139**	**$ 3,507,930**	**$ 10,927,495**	**$ 92,005,036**

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income or debt security investments will vary unfavorably as a result of a change in interest rates. The Systems' investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturities of the Systems' debt securities as of December 31, 2025 and 2024 for which interest rate risk disclosures are required are as follows:

	Maturity Dates				
	One Year or Less	One to Six Years	Six to Ten Years	More than Ten Years	Total
GERS					
2024					
Corporate bonds	$ 148,729	$ 440,180	$ -0-	$ -0-	$ 588,909
Government bonds		4,031,112	2,404,131		6,435,243
Municipal and provincial bonds	1,603,437	6,004,800			7,608,237
Government agency notes	193,752	3,002,903			3,196,655
U.S. government mortgage-backed securities		3,540	191,380	130,402	325,322
Residential and other asset-backed securities		40,268		53,426	93,694
	$ 1,945,918	**$ 13,522,803**	**$ 2,595,511**	**$ 183,828**	**$ 18,248,060**

The GERS did not have any investments in debt securities as of February 28, 2026 or December 31, 2025.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Interest Rate Risk (continued)

	Maturity Dates				
	One Year or Less	One to Six Years	Six to Ten Years	More than Ten Years	Total
RGERS					
2025					
Corporate bonds	$ 2,990,247	$ 9,711,705	$ 5,592,912	$ 4,540,903	$ 22,835,767
Government bonds		29,834,043	7,919,859	4,317,705	42,071,607
Municipal and provincial bonds	3,478,733	20,748,405	2,774,761		27,001,899
Government agency notes		12,744,371			12,744,371
U.S. government mortgage-backed securities		1,119	632,697	12,983,477	13,617,293
Residential and other asset-backed securities		109,317		1,756,413	1,865,730
	$ 6,468,980	**$ 73,148,960**	**$ 16,920,229**	**$ 23,598,498**	**$ 120,136,667**
2024					
Corporate bonds	$ 347,034	$ 8,285,477	$ 4,891,739	$ 4,071,959	$ 17,596,209
Government bonds		18,402,558	9,776,880	4,320,892	32,500,330
Municipal and provincial bonds	4,082,321	15,543,628			19,625,949
Government agency notes	775,007	8,751,132			9,526,139
U.S. government mortgage-backed securities		563	513,838	10,847,899	11,362,300
Residential and other asset-backed securities		90,388		3,417,542	3,507,930
	$ 5,204,362	**$ 51,073,746**	**$ 15,182,457**	**$ 22,658,292**	**$ 94,118,857**

Foreign Currency Risk

Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The Systems restrict the amount of investments in foreign currency-denominated investments to 10 percent of the Systems' total investments.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Foreign Currency Risk

The RGERS' exposure to foreign currency risk as of December 31, 2025 and 2024 is summarized as follows:

		International Equities	
Country	**Currency**	**2025**	**2024**
Canada	Canadian dollar	$ 263,152	$ 261,676
Denmark	Danish krone	247,789	661,332
Europe	Euro	4,236,534	3,299,302
Hong Kong	Hong Kong dollar	515,616	462,836
Japan	Japanese yen	1,008,814	463,950
Switzerland	Swiss franc	461,014	318,838
United Kingdom	British pound	2,982,764	2,706,509
		$ 9,715,683	**$ 8,174,443**

For the years ended December 31, 2025 and 2024, the RGERS had a total foreign currency translation gain (loss) of approximately $335,000 and $(207,000), respectively, related to international equities.

The GERS did not have any investments subject to foreign currency risk as of February 28, 2026, December 31, 2025, or December 31, 2024.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an entity's investments with a single issuer. Other than obligations issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises, the Systems are prohibited by Act 314 from investing in more than five percent of the outstanding obligations of any one issuer or investing more than five percent of the Systems' assets in the obligations of any one issuer.

NOTE C — DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risks (continued)

Concentration of Credit Risk (continued)

As of December 31, 2025, the GERS held the following investment that exceeded five percent of the GERS' total investments:

F&G Annuities & Life, Inc. common stock	$ 4,210

As of February 28, 2026 and December 31, 2024, the GERS held no investments that exceeded five percent or more of the GERS' total investments, other than investments in registered investment companies, similar pooled investments, or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises. Also, as of December 31, 2025 and 2024, the RGERS held no investments that exceeded five percent or more of the RGERS' total investments, other than investments in registered investment companies, similar pooled investments, or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises.

Rate of Return

For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on System investments, net of expenses, was 10.89 percent and 9.68 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE D — NET PENSION ASSET

The components of the net pension asset of the City as of December 31, 2025 are as follows:

Total pension liability	$ 285,745,445
Plan fiduciary net position	467,067,804
City Net Pension Asset	**$ (181,322,359)**
Plan fiduciary net position as a percentage of total pension liability	163.46%

NOTE D — NET PENSION ASSET (CONTINUED)

Actuarial Assumptions

The total pension liability of the RGERS was determined by an actuarial valuation as of December 31, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	Two percent
Salary increases:	3.6 percent to 7.4 percent average, including wage inflation of 2.5 percent
Investment rate of return:	Six percent, net of investment expense, including inflation

Mortality assumptions were as follows:

- Actives — The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, with future mortality improvements projected generationally to 2030, using scale MP-2019
- Healthy retirees — The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, with future mortality improvements projected generationally to 2030, using scale MP-2019, with male and female rates scaled by 95 percent
- Disabled retirees — The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female tables, with future mortality improvements projected generationally to 2030, using scale MP-2019

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

NOTE D — NET PENSION ASSET (CONTINUED)

Actuarial Assumptions (continued)

The best estimates of geometric real rates of return for each major asset class included in the RGERS' target asset allocation as of December 31, 2025 (see the discussion of the Systems' investment allocation policy) are summarized as follows:

Asset Class	Long-Term Expected Rate of Return
Domestic equities:	
All cap	9.89 %
Large cap	10.02
Mid cap	9.04
Small cap	8.22
International equities	5.43
Emerging markets equities	6.41
Fixed income:	
Core	0.95
Real estate	3.48
Private equities	11.44

Discount Rate

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

NOTE D — NET PENSION ASSET (CONTINUED)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

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

	One Percent Decrease (Five Percent)	Current Discount (Six Percent)	One Percent Increase (Seven Percent)
Net pension asset	$ (156,253,451)	$ (181,322,359)	$ (202,685,412)

NOTE E — NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued SGAS No. 103, *Financial Reporting Model Improvements*, in April 2024. SGAS No. 103 establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following:

- Management's discussion and analysis
- Unusual or infrequent items
- Presentation of a proprietary fund statement of revenue, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

SGAS No. 103 applies to the RGERS' financial statements for the year ending December 31, 2026, with earlier implementation permitted. The RGERS' management has not determined the impact on its financial statements as a result of implementing SGAS No. 103.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF INVESTMENT RETURNS (UNAUDITED)

For the Ten Years Ended December 31, 2025

City of Pontiac General Employees' Retirement System

Year Ended December 31	Annual Money-Weighted Rate of Return, Net of Investment Expense
2016	7.79 %
2017	15.31
2018	(4.63)
2019	19.61
2020	13.19
2021	15.69

The pension liability of the City of Pontiac General Employees' Retirement System was transferred to the City of Pontiac Reestablished General Employees' Retirement System, effective January 1, 2022. Therefore, there is no investment return to present for the years ended December 31, 2022 through 2025 or for the two-month period ended February 28, 2026.

City of Pontiac Reestablished General Employees' Retirement System

Year Ended December 31	Annual Money-Weighted Rate of Return, Net of Investment Expense
2022	(12.89) %
2023	9.53
2024	9.68
2025	10.89

SCHEDULES OF CHANGES IN CITY OF PONTIAC NET PENSION ASSET AND RELATED RATIOS (UNAUDITED)

For the Ten Years Ended December 31, 2025

	2016	2017	2018
Changes in Total Pension Liability:			
Service cost	$ 324,671	$ 255,665	$ 242,405
Interest	17,944,933	17,598,425	17,725,816
Changes in benefit terms	-0-	10,658,814	3,470,936
Differences between expected and actual experience	5,189,027	871,705	1,839,373
Changes in actuarial assumptions	15,686,953	-0-	-0-
Benefit payments, including refunds of member contributions	(27,119,534)	(26,916,912)	(28,199,310)
Change in Total Pension Liability	**12,026,050**	**2,467,697**	**(4,920,780)**
Total Pension Liability, Beginning of Year	252,615,768	264,641,818	267,109,515
Total Pension Liability, End of Year	**264,641,818**	**267,109,515**	**262,188,735**
Changes in Plan Fiduciary Net Position:			
Net investment income (loss)	34,606,547	67,868,606	(23,328,559)
Participant benefit payments, including refunds of member contributions	(27,119,534)	(26,916,912)	(28,199,310)
Administrative expenses	(683,083)	(696,340)	(781,967)
Other changes	5,748	29,291	47,079
Change in Plan Fiduciary Net Position	**6,809,678**	**40,284,645**	**(52,262,757)**
Plan Fiduciary Net Position, Beginning of Year	459,342,354	466,152,032	506,436,677
Plan Fiduciary Net Position, End of Year	**466,152,032**	**506,436,677**	**454,173,920**
City of Pontiac Net Pension Asset, End of Year	**$ (201,510,214)**	**$ (239,327,162)**	**$ (191,985,185)**
Ratio Information:			
Plan fiduciary net position as a percentage of total pension liability	176.14%	189.60%	173.22%
Covered employee payroll	$ 1,540,472	$ 1,450,352	$ 1,427,628
City of Pontiac net pension asset as a percentage of covered payroll	(13,081.07)%	(16,501.32)%	(13,447.84)%

SCHEDULES OF CHANGES IN CITY OF PONTIAC NET PENSION ASSET AND RELATED RATIOS (UNAUDITED) (CONTINUED)

For the Ten Years Ended December 31, 2025

	2019	2020	2021
Changes in Total Pension Liability:			
Service cost	$ 233,616	$ 219,594	$ 251,497
Interest	17,384,038	16,988,197	16,433,760
Changes in benefit terms	3,402,001	3,277,435	-0-
Differences between expected and actual experience	1,139,898	(2,528,619)	(6,037,890)
Changes in actuarial assumptions	-0-	40,406,912	-0-
Benefit payments, including refunds of member contributions	(28,114,053)	(27,500,762)	(26,890,294)
Change in Total Pension Liability	**(5,954,500)**	**30,862,757**	**(16,242,927)**
Total Pension Liability, Beginning of Year	262,188,735	256,234,235	287,096,992
Total Pension Liability, End of Year	**256,234,235**	**287,096,992**	**270,854,065**
Changes in Plan Fiduciary Net Position:			
Net investment income	87,449,329	65,127,780	84,736,747
Participant benefit payments, including refunds of member contributions	(28,114,053)	(27,500,762)	(26,890,294)
Administrative expenses	(691,928)	(652,449)	(799,944)
Transfers to City of Pontiac	-0-	-0-	(8,000,000)
Other changes	-0-	107,539	41,963
Change in Plan Fiduciary Net Position	**58,643,348**	**37,082,108**	**49,088,472**
Plan Fiduciary Net Position, Beginning of Year	454,173,920	512,817,268	549,899,376
Plan Fiduciary Net Position, End of Year	**512,817,268**	**549,899,376**	**598,987,848**
City of Pontiac Net Pension Asset, End of Year	**$ (256,583,033)**	**$ (262,802,384)**	**$ (328,133,783)**
Ratio Information:			
Plan fiduciary net position as a percentage of total pension liability	200.14%	191.54%	221.15%
Covered employee payroll	$ 1,391,765	$ 1,349,022	$ 1,294,948
City of Pontiac net pension asset as a percentage of covered payroll	(18,435.80)%	(19,480.96)%	(25,339.53)%

The City of Pontiac General Employees' Retirement System's pension liability of $270,854,065 was transferred to the City of Pontiac Reestablished General Employees' Retirement System on January 1, 2022. Therefore, there is no data to be presented for the years ended December 31, 2022 through 2025 or for the two-month period ended February 28, 2026.

SCHEDULES OF CHANGES IN CITY OF PONTIAC NET PENSION ASSET AND RELATED RATIOS (UNAUDITED)

For the Four Years Ended December 31, 2025
(Ultimately Building to Ten Years)

	2022	2023	2024	2025
Changes in Total Pension Liability:				
Service cost	$ 179,497	$ 184,402	$ 153,538	$ 133,222
Interest	15,609,604	14,453,656	13,951,209	13,380,013
Changes in benefit terms	-0-	392,210	-0-	61,355,420
Differences between expected and actual experience	(1,166,602)	(2,254,022)	(2,979,831)	(1,869,995)
Changes in actuarial assumptions	(12,260,194)	-0-	-0-	-0-
Benefit payments, including refunds of member contributions	(21,757,276)	(21,344,110)	(20,895,708)	(20,373,653)
Transfer of pension liability from City of Pontiac General Employees' Retirement System	270,854,065	-0-	-0-	-0-
Change in Total Pension Liability	**251,459,094**	**(8,567,864)**	**(9,770,792)**	**52,625,007**
Total Pension Liability, Beginning of Year	-0-	251,459,094	242,891,230	233,120,438
Total Pension Liability, End of Year	**251,459,094**	**242,891,230**	**233,120,438**	**285,745,445**
Changes in Plan Fiduciary Net Position:				
Net investment income	2,550,741	3,903,760	5,584,347	5,564,095
Participant benefit payments, including refunds of member contributions	(21,757,276)	(21,344,110)	(20,895,708)	(20,373,653)
Administrative expenses	(622,141)	(683,775)	(827,968)	(920,620)
Plan-to-plan resource movement	443,006,450	66,239	-0-	32,968,915
Net appreciation (depreciation) in fair value of investments	(40,971,348)	30,828,685	31,700,656	39,229,964
Other changes	30,408	29,399	269	475
Change in Plan Fiduciary Net Position	**382,236,834**	**12,800,198**	**15,561,596**	**56,469,176**
Plan Fiduciary Net Position, Beginning of Year	-0-	382,236,834	395,037,032	410,598,628
Plan Fiduciary Net Position, End of Year	**382,236,834**	**395,037,032**	**410,598,628**	**467,067,804**
City of Pontiac Net Pension Asset, End of Year	**$ (130,777,740)**	**$ (152,145,802)**	**$ (177,478,190)**	**$ (181,322,359)**
Ratio Information:				
Plan fiduciary net position as a percentage of total pension liability	152.01%	162.64%	176.13%	163.46%
Covered employee payroll	$ 1,013,588	$ 784,908	$ 668,657	$ 737,858
City of Pontiac net pension asset as a percentage of covered payroll	(12,902.46)%	(19,383.90)%	(26,542.49)%	(24,574.15)%

SCHEDULES OF CITY OF PONTIAC CONTRIBUTIONS (UNAUDITED)

For the Ten Years Ended December 31, 2025

City of Pontiac General Employees' Retirement System

Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -0-	$ -0-	$ -0-	$ 1,540,472	-0- %
2017	-0-	-0-	-0-	1,450,352	-0-
2018	-0-	-0-	-0-	1,427,628	-0-
2019	-0-	-0-	-0-	1,391,765	-0-
2020	-0-	-0-	-0-	1,349,022	-0-
2021	-0-	-0-	-0-	1,294,948	-0-

The net pension liability of the City of Pontiac General Employees' Retirement System was transferred to the City of Pontiac Reestablished General Employees' Retirement System on January 1, 2022. Therefore, there is no data to be presented for the years ended December 31, 2022 through 2025 or for the two-month period ended February 28, 2026.

City of Pontiac Reestablished General Employees' Retirement System

Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	$ -0-	$ -0-	$ -0-	$ 1,013,588	-0- %
2023	-0-	-0-	-0-	784,908	-0-
2024	-0-	-0-	-0-	668,657	-0-
2025	-0-	-0-	-0-	737,858	-0-

SCHEDULES OF CITY OF PONTIAC CONTRIBUTIONS (UNAUDITED) (CONTINUED)

For the Ten Years Ended December 31, 2025

The following valuation dates, methods, and assumptions were used to determine contribution rates for the City of Pontiac General Employees' Retirement System and the City of Pontiac Reestablished General Employees' Retirement System:

Valuation date:	Actuarially determined contribution rates are calculated as of December 31; the most recent valuation is as of December 31, 2025
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar
Remaining amortization period:	30 years (open basis)
Asset valuation method:	Five-year smoothed market
Inflation:	2.0 percent
Salary increases:	3.6 percent to 7.4 percent, including inflation
Investment rate of return:	Six percent, net of investment expense, including inflation
Retirement age:	Age-based table of rates that are specific to the type of eligibility condition
Mortality rates:	The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, with future mortality improvements projected generationally to 2030, using scale MP-2019