



# City of Rochester Hills, Michigan



# Annual Comprehensive Financial Report For year ending December 31, 2022



# **Annual Comprehensive Financial Report**

**of the City of Rochester Hills  
Oakland County, Michigan**

**For the Year Ended December 31, 2022**

**Elected Officials:**

<b>Mayor</b>	<b>Bryan K. Barnett</b>
<b>City Council President</b>	<b>Ryan Deel</b>
<b>City Council Vice-President</b>	<b>Susan Bowyer, Ph.D.</b>
<b>City Council Members</b>	<b>David Blair</b>
	<b>Dale Hetrick</b>
	<b>Carol Morlan</b>
	<b>Theresa Mungioli</b>
	<b>David Walker</b>



innovative *by* nature

## Table of Contents

Section		Page
	<b><u>Introductory Section (Unaudited)</u></b>	
1	Letter of Transmittal	1 – 1
	Certificate of Achievement	1 – 7
	Organizational Chart	1 – 8
	List of Principal Officials	1 – 9
	<b><u>Financial Section</u></b>	
2	<b><u>Independent Auditors' Report</u></b>	2 – 1
3	<b>Management's Discussion and Analysis</b>	3 – 1
4	<b>Basic Financial Statements</b>	
	Government-wide Financial Statements	
	Statement of Net Position	4 – 1
	Statement of Activities	4 – 2
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 3
	Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	4 – 5
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 6
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 8
	Proprietary Funds	
	Statement of Net Position	4 – 9
	Statement of Revenues, Expenses and Changes in Fund Net Position	4 – 10
	Statement of Cash Flows	4 – 11
	Fiduciary Funds	
	Statement of Fiduciary Net Position	4 – 13
	Statement of Changes in Fiduciary Net Position	4 – 14
	Component Units	
	Statement of Net Position	4 – 15
	Statement of Activities	4 – 16
	Notes to the Financial Statements	4 – 17

<b>Section</b>	<b>Page</b>	
<b>5</b>	<b>Required Supplementary Information</b>	
	Budgetary Comparison Schedules	
	General Fund	5 – 1
	Major Road Fund	5 – 2
	Local Street Fund	5 – 3
	Fire Fund	5 – 4
	Special Police Protection Fund	5 – 5
	ARPA Fund	5 – 6
	Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios	5 – 7
	Schedule of Employer Contributions – OPEB	5 – 8
	Schedule of Investment Returns – OPEB	5 – 9
	Notes to the Required Supplementary Information	5 – 10
<b>6</b>	<b>Other Supplementary Information</b>	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 – 1
	Combining Statement of Revenue, Expenditures and Changes in Fund Balances	6 – 2
	Combining Balance Sheet	6 – 3
	Combining Statement of Revenue, Expenditures and Changes in Fund Balances	6 – 5
	Budgetary Comparison Schedules	
	Park Facilities Fund	6 – 7
	R.A.R.A Millage Fund	6 – 8
	Pathway Fund	6 – 9
	Tree Fund	6 – 10
	Public Improvement Fund	6 – 11
	Older Persons’ Millage Fund	6 – 12
	Green Space Preservation Fund	6 – 13
	Drain Fund	6 – 14
	Fire Capital Fund	6 – 15
	Pathway Construction Fund	6 – 16
	Capital Improvement Fund	6 – 17
	Cemetery Trust Fund	6 – 18
	Green Space Trust Fund	6 – 19
	Internal Service Funds	
	Combining Statement of Net Position	6 – 20
	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	6 – 21
	Combining Statement of Cash Flows	6 – 22
	Fiduciary Funds	
	Combining Statement of Fiduciary Net Position	6 – 23
	Combining Statement of Changes in Fiduciary Net Position	6 – 24

<b>Section</b>	<b>Page</b>
7	
<b><u>Statistical Section (Unaudited)</u></b>	
<b>Financial Trends</b>	
Net Position by Component	7 – 1
Changes in Net Position	7 – 3
Fund Balances of Governmental Funds	7 – 5
Changes in Fund Balances of Governmental Funds	7 – 7
<b>Revenue Capacity</b>	
Taxable Value and Actual Value to Taxable Property	7 – 9
Direct and Overlapping Property Tax Rates	7 – 10
Principal Property Taxpayers	7 – 12
Property Tax Levies and Collections	7 – 13
<b>Debt Capacity</b>	
Ratios of Outstanding Debt	7 – 14
Ratios of General Bonded Debt	7 – 16
Direct and Overlapping Governmental Activities Debt	7 – 17
Legal Debt Margin	7 – 18
Pledged-Revenue Coverage	7 – 20
<b>Demographic and Economic Information</b>	
Housing Profile	7 – 22
Principal Employers	7 – 23
Construction Activity	7 – 24
Miscellaneous Demographics	7 – 25
<b>Operating Information</b>	
Full-Time Equivalent Government Employees	7 – 26
Operating Indicators by Function	7 – 27
Capital Asset Statistics	7 – 29
State-shared Revenue and Gas and Weight Tax	7 – 30
Labor Agreements	7 – 31



innovative *by* nature

## Introductory Section

---



Bryan K. Barnett  
Mayor

April 17, 2023

City Council

Carol Morlan  
District 1

David J. Blair  
District 2

Susan M. Bowyer, Ph.D.  
District 3

Ryan J. Deel  
District 4

Dale Hetrick  
At-Large

Theresa Munglioli  
At-Large

David Walker  
At-Large

Mayor, City Council Members,  
and Residents of the City of Rochester Hills, Michigan

We are pleased to submit the Annual Comprehensive Financial Report for the City of Rochester Hills (the "City") for the year ended December 31, 2022. As required by City Charter and State Laws, the basic financial statements as defined in the table of contents were audited by Yeo & Yeo CPAs & Business Consultants 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.

This report was prepared by a team of City Staff led by the Accounting Division and consists of management's representation of the City's financial condition. Responsibility for the accuracy, completeness, and fairness of the financial data, including all disclosures, rests with the administration and management of the City of Rochester Hills. To the best of our knowledge and belief, the contents of this Comprehensive Annual Financial Report and the information presented are accurate in all material aspects, and are presented in a manner that fairly presents the financial position of the City.

In accordance with generally accepted accounting principles (GAAP) and regulations by the Governmental Accounting Standards Board (GASB), the Treasurer of the State of Michigan, the City Charter, and the Government Finance Officers Association (GFOA), management's discussion and analysis (MD&A) accompany the basic financial statements in the form of a narrative introduction, an overview, and analysis. This letter of transmittal is intended to be read in conjunction and complement the MD&A.

The accuracy of the report depends on a reliable accounting system and adequate internal controls. A comprehensive internal control framework is designed to protect both the City's assets from losses, theft, or misuse,

and to compile sufficient reliable information for the preparations of the financial statements of the City of Rochester Hills in conformity with GAAP. Since the cost of internal controls should be effective, the City's comprehensive internal control framework has been efficiently designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

**Profile of Government** - The City of Rochester Hills was incorporated in 1984 and is located in Oakland County, Michigan. The Mayor and seven members of the City Council are elected to four-year staggered terms. Four of the council members are elected as district representatives and three members are elected as at-large representatives.

The population of the City is approximately 76,000 and comprises an area of 32.2 square miles. The City employs approximately 240 full-time employees, 60 contracted law enforcement officers and 2 contracted police administration clerks. The City provides a full range of municipal services for the public's health, safety, welfare, and quality of life. City services include general administration, fire protection, contracted police protection, planning and zoning, engineering, building and code enforcement, cemetery operations and maintenance, park operations and maintenance, street construction and maintenance, storm drain improvements, and pedestrian pathway improvements and maintenance.

Water and sewer operations, maintenance, and capital improvements are provided from user charges that ensure adequate coverage of operating expenses, capital replacements, and payments on outstanding debt.

The City offers quality housing, two award-winning school districts, a hospital, major universities, a premium library, and a downtown offering a hometown atmosphere with excellent shopping and restaurants. The City has over 1,100 acres of parkland affording the community with endless recreation opportunities. The Older Person's Commission and the Rochester Avon Recreation Authority offer world-class senior citizen, youth and adult activities for our residents. The City has a diverse business community and is situated in Automation Alley, the State's premier technology cluster. The City's business cluster includes a concentration of

automotive, robotic, computer-based, future fuel, and other research firms focused on advanced technologies.

**Local Economy** - The City of Rochester Hills is a desirable community and continues to be attractive to residents and businesses. The economic condition of the City is sound and the City has one of the lowest tax rates of communities in Oakland County.

The local tax base of the City of Rochester Hills is diversified with residential property comprising 81.6 percent, commercial property comprising 10.6 percent, industrial property representing 3.6 percent, and personal property (business equipment, furniture, and machinery) consisting of 4.2 percent. No one taxpayer exceeds 1 percent of the total tax roll, and the total of the top 10 taxpayers account for less than 5 percent of the total tax roll. The following table illustrates the specific diversity of the City's tax base:

Single-family homes	20,400 homes
Condominiums	3,406 units
Low-income/senior citizen (16 buildings)	1,913 units
Rental apartments (19 complexes)	4,858 units
Mobile home parks (2 locations)	1,392 sites
Shopping centers	47 centers
Hotel/motels (4 buildings)	442 rooms
Office space	107 buildings
Commercial	368 buildings
Light industrial	390 buildings

The principal source of the City's revenue is from property taxes. Property tax revenues are a result of applying the City's millage rate, set by City Council (within the restrictions of State Law), to the taxable value of real and personal property located within the City. The tables below illustrate the diversity of the City's current tax base, including the LDFA district, which were the basis for property tax revenue for the fiscal year 2022 budget:

By Class	2021	
	Taxable Value	Percent
Real Property	\$ 3,738,456,410	95.77%
Personal Property	164,929,300	4.23%
<b>Total</b>	<b>\$ 3,903,385,710</b>	<b>100.00%</b>

By Use	Taxable Value	Percent
Residential	\$ 3,185,113,640	81.60%
Commercial	413,842,200	10.60%
Industrial	139,500,570	3.57%
Personal Property	164,929,300	4.23%
<b>Total</b>	<b>\$ 3,903,385,710</b>	<b>100.00%</b>

**Long-range Financial Planning** - The City continues to improve and build upon its long-range financial planning process. The City developed a long-term financial model that continues to be a valuable tool for financial planning. As part of the budgeting process, the Fiscal Division updates long-range forecasts of revenue and expenditures. The forecasts serve as the framework for budgetary decision-making by clarifying financial parameters, available resources, and options. The model provides historical data, current budgeted City programs, and future financial capacity based on a set of future assumptions and current adopted policies and procedures.

**Major Initiatives** - The following were among the initiatives that City Administration, City Council and staff dedicated their efforts in 2022.

- Public safety - protect the residents, businesses, and visitors by providing high quality public safety
- Fiscal management - establish fiscal responsibility to ensure short and long-term prosperity
- Infrastructure management - provide reliable, safe, and effective roadways, utilities, and buildings
- Economic/Tax Base – Retain investment, maintain tax and employment base, and uphold high property values
- Community and neighborhoods - protect the family oriented community
- Effective Governance – provide clear policy direction to Administration for the efficient execution of City programs

**Capital Improvement Plan** - In accordance with State of Michigan Planning Act 285, the Rochester Hills Planning Commission adopts an annual Capital Improvement Plan (CIP). The CIP is a planning tool that benefits the community and is meant to identify capital needs and goals of the City. The plan incorporates external infrastructure projects addressing major roads, local streets, parks, pathways, drainage, water and sewer, and city-owned facilities. The plan also includes internal infrastructure projects necessary for governmental operations that deliver services to our residents.

The 2023-2028 Capital Improvement Plan was adopted by the City of Rochester Hills Planning Commission. Currently, the Commission is reviewing the 2024-2029 Plan as part of the 2024-2026 budget process.

**Financial Policies** - The City has adopted the following financial policies to help guide financial decision-making, manage risk, and promote long and short term strategies and best practices:

Budget Requirements	Long-term Planning
Balanced Budget	Capital Improvement Plan
Budgetary Control System	Debt
Budget Amendments	Revenue
Budget Adjustment	Investment
Strategic Budgeting	Fund Balance
Basis of Accounting	Capital Assets

**Awards** - 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 Rochester Hills for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the 34th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Annual Comprehensive Financial Report will continue to conform to the Certificate of Achievement Program requirements, and we will be submitting it to GFOA to determine its eligibility for another certificate.

The City has also received the GFOA Distinguished Budget Presentation Award for its three (3) year budget plan and the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR).

**Acknowledgements** - The preparation of this report in a timely basis could not have been accomplished without the efficient and dedicated staff of the Accounting Division, as well as invaluable support from the Fiscal Division and assistance from the Treasury Division. We would like to express appreciation to all staff members of all departments who have assisted in the preparation of this report. We would like to credit the Mayor and City Council for the continued support and dedication to maintain the highest standards of management of the City of Rochester Hills. We thank all of them for their efforts and support.

We also express our sincere appreciation to the accounting firm of Yeo & Yeo CPAs & Business Consultants which made a substantial contribution and assisted with the interpretation, guidance, review, and preparation of this document.

Respectfully submitted,

*Michael McLaughlin*

Michael McLaughlin  
Accounting Manager

*Joseph Snyder*

Joseph Snyder  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Rochester Hills  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

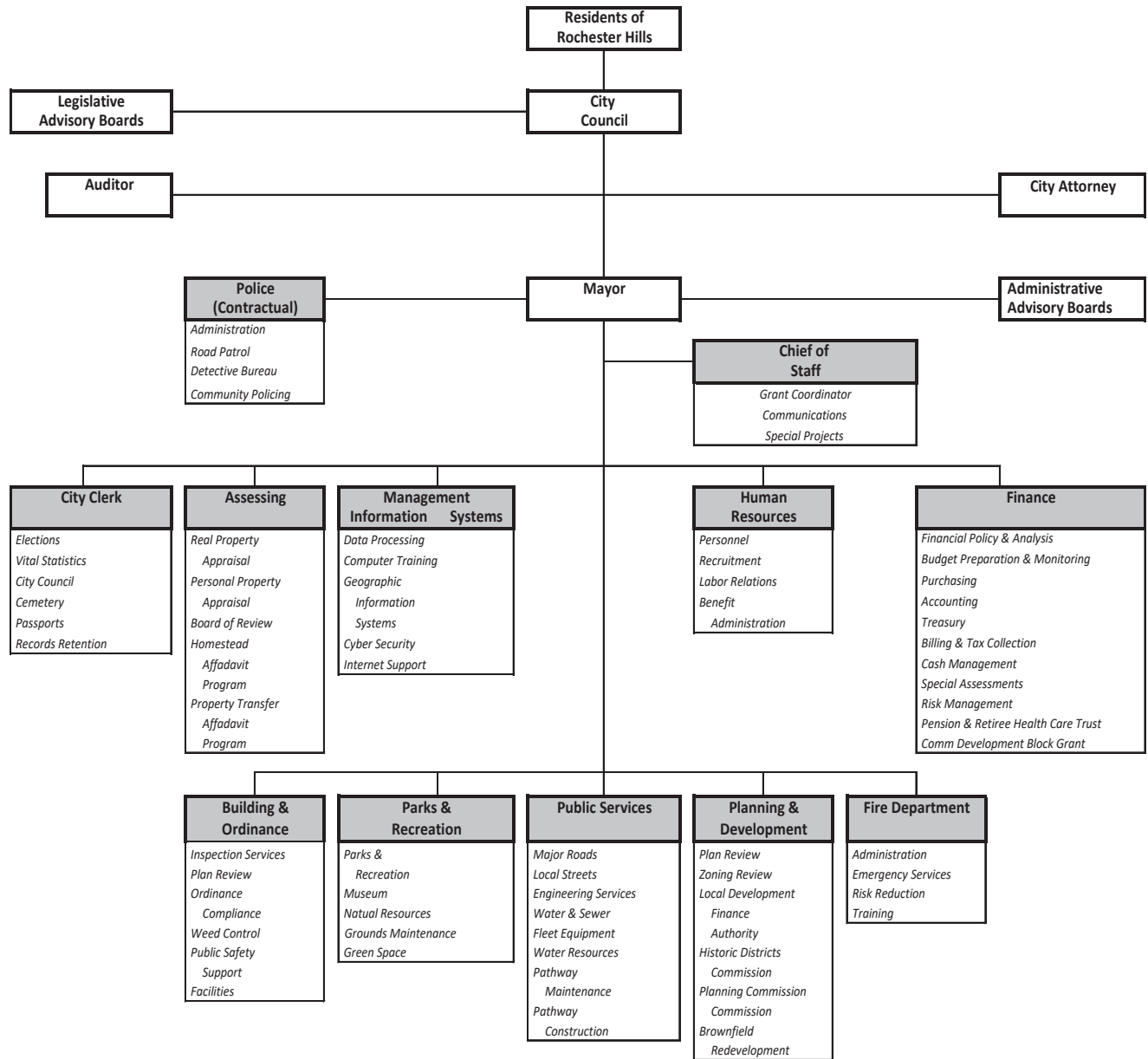
*Christopher P. Morill*

Executive Director/CEO



# Budget Highlights

## Functional Citywide Organizational Chart



**City of Rochester Hills**  
**List of Principal Officials**  
**Year Ended December 31, 2022**

---

Leanne Scott	City Clerk
Sean Canto	Fire Chief
Mike Viazanko	Director of Building
Laurie Taylor	Director of Assessing
Ken Elwert	Director of Parks & Natural Resources
Chelsea Ditz	Director of Human Resources
Rochelle Lyon	Director of Management Information Systems
Russell Yeiser	Command Officer, Oakland County Sheriff's Office – Captain of Rochester Hills Contingent
Sara Roediger	Director of Planning & Development
Bill Fritz	Director of Public Services & Engineering
Joseph Snyder	Chief Financial Officer



innovative *by* nature

## Financial Section

---

## **Independent Auditors' Report**

To the Honorable Mayor and City Council  
City of Rochester Hills  
Rochester Hills, 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 Rochester Hills, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rochester Hills as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Rochester Hills-Oakland-Rochester Older Person's Commission, which represent 68 percent, 72 percent, and 50 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2022, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Rochester Hills-Oakland-Rochester Older Person's Commission, is based solely on the report of the other auditors.

#### **Basis for Opinions**

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rochester Hills' 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.

## **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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 the City of Rochester Hills' 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 of Rochester Hills' 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, budgetary comparison information, and Other Post Employment Benefit schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 and other auditors 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 of Rochester Hills' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2023 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 does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. 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.

*Yeo & Yeo, P.C.*

Auburn Hills, MI  
April 18, 2023



innovative *by* nature

**City of Rochester Hills**  
**Management's Discussion and Analysis**  
**December 31, 2022**

---

The City of Rochester Hills, Michigan's (the "City") management's discussion and analysis (MD&A) is a narrative overview of the City's financial activities and performance for the fiscal year ended December 31, 2022. Please read it in conjunction with the City's financial statements and notes to the financial statements.

**Government-wide Statements**

The MD&A is followed by the City's basic financial statements, which are comprised of two sections. The first two statements, entitled government-wide statement of net position followed by the government-wide statement of activities, are financial statements that represent the City as a whole and provide a long-term perspective regarding the City's overall financial status. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "net position," which is a way to measure the financial health of the City as it fluctuates from one year to the next. The statement of activities reports all of the current year's earned revenue and accrued expenses, regardless of when cash is received or paid and represents the change in net position from one year to the next.

The City's activities are separated into three categories: governmental and business-type activities, which represent the City's total financial performance, followed by the component unit financial information.

- The governmental activities column reports the City's basic services, including general administration, fire, police, public works, and parks and recreation.
- Business-type activities represent those activities for which the City charges fees to customers to cover the cost of services. The City's water and sewer system is the only business-type activity reported.
- The City has six discretely presented component units included in this report as follows: Local Development Finance Authority, Brownfield Redevelopment Authority - Legacy, Brownfield Redevelopment Authority – Revolving, Rochester Hills Museum Foundation, Rochester-Avon Recreation Authority, and the Older Persons' Commission. Although legally separate, these component units are important because the City is financially accountable. Further information regarding the purpose of each component unit is found in Note 1 to the financial statements.

**Fund Financial Statements**

The City's fund financial statements provide details of each fund's activity; however, this section individually discloses only those funds designated as the City's "major" funds. All non-major funds are aggregated into one column. These statements provide a higher level of detail than the government-wide statements and continue to illustrate how the services provided by the City were financed in the short-term as well as what remains for future spending. The City has three types of funds that are used to keep track of specific sources of funding and spending for particular purposes as follows:

- **Governmental Funds** - The majority of the City's basic services included in the governmental funds not only focus on how cash and other financial assets that can readily be converted to cash flow in and out, but also what year-end balances are available to finance future City programs. Because this information does not include the additional long-term focus of the government-wide statements, reconciliation statements are provided to explain the differences between the two methods of reporting. Pages 4–5 and 4–8 illustrate this concept.
- **Proprietary Funds** - Services for which the City charges customers fees are reported in this fund type. This fund type provides both the short and long-term financial information comparable to the business-type activity in the government-wide statements.

The City uses two types of proprietary funds. The Water and Sewer Fund is an Enterprise Fund, which typically charges residents usage fees and accounts for the cost of operations. The other proprietary fund

**City of Rochester Hills**  
**Management's Discussion and Analysis**  
**December 31, 2022**

---

type is Internal Service Funds, of which the City has four. These internal service funds are used to report activities that provide services to other City funds and activities, typically covered by charges to other City departments. Individual financial statements are presented for each fund in the section entitled "other supplementary information." The activity of the Internal Service Funds is eliminated in the government-wide statements to avoid duplicate reporting of revenues and expenses.

- **Fiduciary Funds** - The Trust Funds and Custodial Funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations, other governments and other city funds. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate statement of fiduciary net position and liabilities. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance City operations.

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

**Statement of Net Position** - The City's combined net position increased 2.7 percent, or \$13.6 million, from \$506.6 million in 2021 to \$520.2 million in 2022.

The net position for the governmental activities increased from \$335.3 million in 2021 to \$345.7 million in 2022, or \$10.4 million. The primary change in the governmental activities is due to an increase in capital assets of \$10.5 million from \$228.8 million in 2021 to \$239.3 million in 2022 that consisted of road improvements, pathway improvements, fire apparatus, facility improvements and fleet additions. There was an increase in total assets of \$13.8 million, or 3.5 percent from \$391.4 million in 2021 to \$405.2 million in 2022.

The net position of the business-type activity increased from \$171.3 million in 2021 to \$174.5 million in 2022, or \$3.2 million. The net increase in current assets was attributed to an increase in capital assets of \$8.3 million. The unrestricted net position decreased by \$1.9 million, or 3.8 percent in the business-type activity from \$49.7 million in 2021 to \$47.8 million in 2022.

The City's assets totaled \$594.8 million in 2022, up by \$16.5 million from 2021. This relates primarily to an increase in capital assets by \$18.8 million, or 5.3 percent.

The City's total liabilities increased by approximately \$1.5 million, or 4.7 percent, from \$32.2 million in 2021 to \$33.7 million in 2022. This relates primarily to a \$3.4 million increase in unearned revenue from \$4.8 million in 2021 to \$8.2 million in 2022. This is attributed to \$6.1 million in "ARPA" revenue that is yet to be allocated.

The City's deferred inflow of resources increased by \$1.8 million from \$39.3 million in 2021 to \$41.1 million in 2022, or 4.6 percent. This is primarily due to an increase in property taxes for subsequent years of \$2.1 million.

**City of Rochester Hills**  
**Management's Discussion and Analysis**  
**December 31, 2022**

---

In condensed format, the table below shows the comparison of net position (in millions) as of December 31, 2022 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other non-current assets	\$ 166.0	\$ 162.6	\$ 55.2	\$ 61.0	\$ 221.2	\$ 223.6
Capital assets	<u>239.3</u>	<u>228.8</u>	<u>134.2</u>	<u>125.9</u>	<u>373.5</u>	<u>354.7</u>
Total assets	<u>405.3</u>	<u>391.4</u>	<u>189.4</u>	<u>186.9</u>	<u>594.7</u>	<u>578.3</u>
<b>Liabilities</b>						
Current liabilities	16.0	13.7	3.3	2.8	19.3	16.5
Long-term liabilities	<u>2.8</u>	<u>3.0</u>	<u>11.6</u>	<u>12.7</u>	<u>14.4</u>	<u>15.7</u>
Total liabilities	<u>18.8</u>	<u>16.7</u>	<u>14.9</u>	<u>15.5</u>	<u>33.7</u>	<u>32.2</u>
<b>Deferred Inflow of Resources</b>	<u>41.1</u>	<u>39.3</u>	<u>-</u>	<u>-</u>	<u>41.1</u>	<u>39.3</u>
<b>Net Position</b>						
Net investment in capital assets	238.2	228.0	124.0	114.9	362.2	342.9
Restricted	48.1	52.7	2.7	6.7	50.8	59.4
Unrestricted	<u>59.4</u>	<u>54.6</u>	<u>47.8</u>	<u>49.7</u>	<u>107.2</u>	<u>104.3</u>
Total net position	<u>\$ 345.7</u>	<u>\$ 335.3</u>	<u>\$ 174.5</u>	<u>\$ 171.3</u>	<u>\$ 520.2</u>	<u>\$ 506.6</u>

**City of Rochester Hills  
Management's Discussion and Analysis  
December 31, 2022**

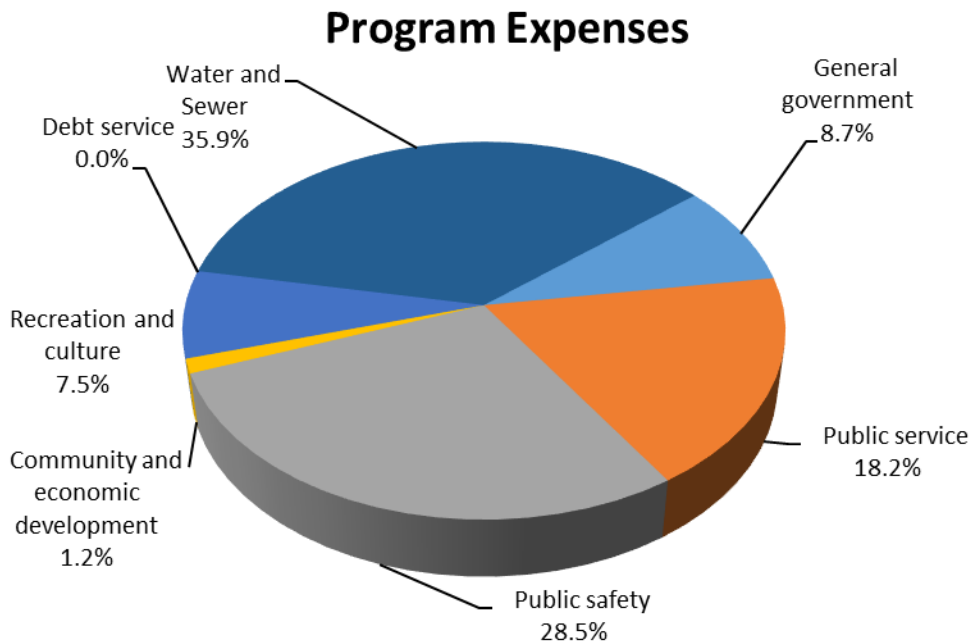
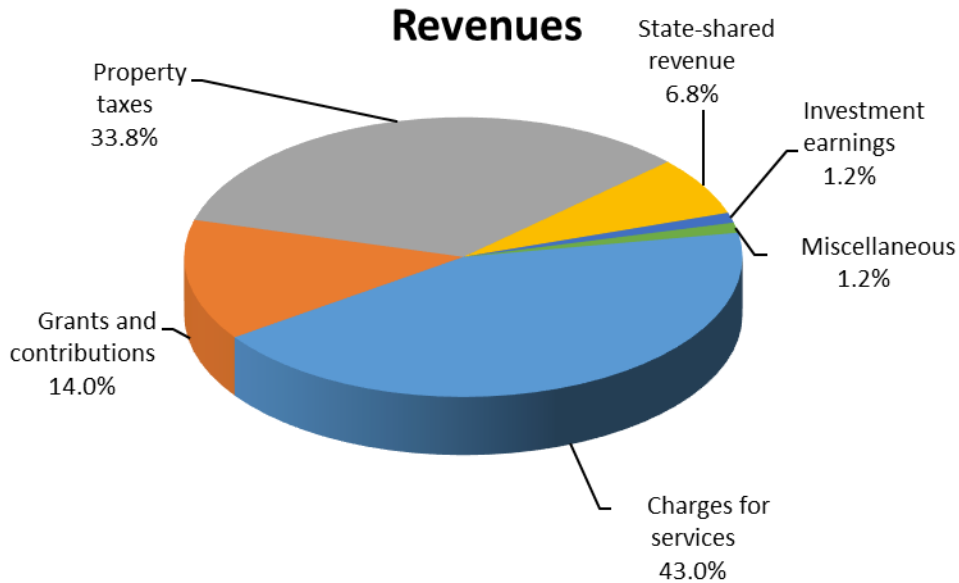
**Changes in Net Position** - The City's total net position increased by \$13.6 million during the fiscal year ended December 31, 2022. The table below shows the comparison of changes in net position (in millions) to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 11.6	\$ 12.9	\$ 37.0	\$ 34.7	\$ 48.6	\$ 47.6
Operating grants and contributions	10.6	10.0	-	-	10.6	10.0
Capital grants and contributions	2.7	2.4	1.7	3.1	4.4	5.5
General revenue:						
Property taxes	38.7	37.4	-	-	38.7	37.4
State-shared revenue	9.3	7.5	-	-	9.3	7.5
Investment earnings	0.5	1.1	0.6	0.2	1.1	1.3
Miscellaneous	1.5	1.3	-	-	1.5	1.3
<b>Total revenue</b>	<b>74.9</b>	<b>72.6</b>	<b>39.3</b>	<b>38.0</b>	<b>114.2</b>	<b>110.6</b>
<b>Program Expenses</b>						
General government	9.3	8.5	-	-	9.3	8.5
Public works	17.9	17.7	-	-	17.9	17.7
Public safety	28.1	27.7	-	-	28.1	27.7
Community and economic development	1.3	1.2	-	-	1.3	1.2
Recreation and culture	7.9	7.3	-	-	7.9	7.3
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	36.1	34.9	36.1	34.9
<b>Total program expenses</b>	<b>64.5</b>	<b>62.4</b>	<b>36.1</b>	<b>34.9</b>	<b>100.6</b>	<b>97.3</b>
<b>Change in Net Position</b>	<b>10.4</b>	<b>10.2</b>	<b>3.2</b>	<b>3.1</b>	<b>13.6</b>	<b>13.3</b>
<b>Net Position - Beginning of year</b>	<b>335.3</b>	<b>325.1</b>	<b>171.3</b>	<b>168.2</b>	<b>506.6</b>	<b>493.3</b>
<b>Net Position - End of year</b>	<b>\$ 345.7</b>	<b>\$ 335.3</b>	<b>\$ 174.5</b>	<b>\$ 171.3</b>	<b>\$ 520.2</b>	<b>\$ 506.6</b>

**City of Rochester Hills  
Management's Discussion and Analysis  
December 31, 2022**

---

The City's revenue for governmental activity exceeded annual expenses by \$10.4 million, resulting in an increase in net position as of December 31, 2022 to \$345.7 million. Annual revenue for business-type activity exceeded expenses by \$3.2 million, resulting in an increase in net position to \$174.5 million. The following graphs illustrate the primary sources of revenue and expenses for the total primary government of the City of Rochester Hills for the year ended December 31, 2022:



**Governmental Activities** - Of the City's total revenue generated for fiscal year 2022, property tax comprises the largest segment, \$38.6 million, or 51.7 percent of the total governmental revenues. Property tax revenue increased from the prior year by \$1.2 million. Property taxable values increased while bottom line millage rates stayed the same. State-shared revenue also is a primary source of revenue of which the City received \$9.3

**City of Rochester Hills**  
**Management's Discussion and Analysis**  
**December 31, 2022**

---

million. Of the grants and contributions revenue of \$13.2 million, \$9.2 million is associated with the State of Michigan Act 51 revenues for the major road and local streets. Much of the remaining governmental revenue is associated with fire, police, emergency services, building, and other charges for service of \$11.6 million and investment earnings of \$0.5 million.

The majority of governmental expense is associated with the public safety activity, which was \$28.1 million, or 43.6 percent of the total governmental expenses. Public safety includes building, ordinance enforcement, fire, and contracted police services. Public works expenses were \$17.9 million. Public works activity includes roads, drains, forestry, cemetery, and pedestrian pathway improvements. Recreation and cultural expenses totaled \$7.9 million, which related to parks, natural resources, environmental, and museum operations, as well as youth and senior citizen programs. General government expenses total \$9.3 million.

**Business-type Activities** - The City's business-type activities are recorded in the Water and Sewer Fund. The City provides water and sanitary sewer disposal purchased indirectly from the Great Lakes Water Authority to residents. Of the City's charges for service revenue, the majority is generated from charges passed on to residents, which is \$37.0 million. Charges for service are offset by water and sewer operational expenses of \$36.0 million. The increase in net position is \$3.2 million and can be mostly attributed to grants and contributions of \$1.7 million.

**Financial Analysis of the City's Funds** – An analysis of the City's major funds follows the government-wide financial statements. The fund level financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for State of Michigan's Act 51 major road and local street money, the City creates funds to administer dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by citizens, earmarked bond proceeds, debt activity, and capital equipment, construction, and improvement activity. The City's major funds for fiscal year 2021 include the General Fund, Major Road Fund, Local Street Fund, Fire Operating Fund, Special Police Protection Fund, ARPA Fund, and Capital Improvement Fund.

The General Fund's fund balance increased from \$20.7 million in 2021 to \$21.3 million in 2022, or 2.9 percent. This was mainly due to an increase in property tax revenues of \$600,000. The overall expenditures increased approximately \$1.5 million due to changes in personnel activities and cost of goods and services.

The Major Road Fund's fund balance decreased from \$12.0 million in 2021 to \$7.6 million in 2022. The total revenues were \$9.3 million. The major revenue resource were Act 51 funds of \$6.7 million. Expenditures were greater than the total revenues by \$3.1 million. The capital outlay expenditures in 2022 totaled \$10.7 million included road construction, road realignment, asphalt rehabilitation, and other major road improvements. Another \$1.7 million was spent on major road preservation, traffic control, and winter maintenance.

The Local Street Fund's fund balance increased by approximately \$500,000 from \$5.2 million in 2021 to \$5.7 million in 2022. The total revenue, including transfers in, was \$9.0 million. The major revenue resources were property taxes of \$4.3 million, Act 51 funds of \$2.5 million, and transfers in of \$1.7 million. Total expenditures were \$8.5 million. The capital outlay expenditures for the Local Street Fund was \$4.5 million included local street concrete and asphalt replacement, as well as other local street improvements. Another \$4.0 million was used for street preservation, traffic control, and winter maintenance.

The Fire Fund's fund balance decreased by approximately \$140,000 from \$3.60 million in 2021 to \$3.46 million in 2022. The total revenues were \$13.6 million and the total expenditures of fire operations and transfer out for fire capital purchases were \$13.8 million. The major revenue resources were property taxes of \$10.6 million and charges for services of \$2.6 million. Total cost of fire operations and emergency medical services were \$11.7 million and a transfer out of \$2.1 million went to the Fire Capital Fund. The transfer out will be used for future capital fire equipment and apparatus.

**City of Rochester Hills  
Management's Discussion and Analysis  
December 31, 2022**

---

The Special Police Protection Fund's fund balance decreased by approximately \$70,000. Total revenue was \$10.1 million with the majority of revenue coming from property taxes of \$9.0 million, with the balance of revenue of \$1.1 million from fines, interest earnings, charges for service, and other governmental revenues. The cost of police operations totaled \$10.2 million.

**General Fund Budgetary Highlights** - The Mayor and City Administration continuously monitor budget performance. Amendments to the budget are proposed to City Council on a quarterly basis to reflect the most current projections throughout the year.

The 2022 original budget for General Fund revenue projection was \$27.1 million compared to the actual revenues of \$30.8 million. The primary reasons for the additional revenue of approximately \$3.7 million is due to an additional \$2.4 million in state-shared revenue, and an additional \$900,000 the City generated by increased permits and fees via the Building Department.

The 2022 original budget for General Fund expenditure projections including transfers out was \$27.1 million compared to actual expenditures of \$30.2 million. The primary reason for the increased expenditures of \$3.1 million is due to increased transfers out of approximately \$4.9 million. The majority of the transfers out of the General Fund went to the Capital Improvement Fund, which will provide a funding sources for future citywide capital projects.

**Capital Asset and Debt Administration** - The City of Rochester Hills has \$377.5 million invested in a broad range of capital assets including land, building, fire equipment, operating equipment, water and sewer lines, and infrastructure for its governmental and business-type activities as of December 31, 2022. This reflects an increase in net capital assets of \$20.4 million during the year. The table below represents capital assets in millions of dollars. For detailed information on Capital Assets, refer to Note 5.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	27.4	23.4	0.1	0.1	27.5	23.5
Right of Way	50.0	50.0	-	-	50.0	50.0
Infrastructure	129.0	119.8	115.9	111.4	244.9	231.2
Building and land improvements	27.8	25.5	13.9	14	41.7	39.5
Vehicles	8.8	8.3	-	-	8.8	8.3
Furniture and equipment	4.3	4.2	0.3	0.4	4.6	4.6
Total	<u>247.3</u>	<u>231.2</u>	<u>130.2</u>	<u>125.9</u>	<u>377.5</u>	<u>357.1</u>

**City of Rochester Hills  
Management's Discussion and Analysis  
December 31, 2022**

---

**Debt Administration** - The City of Rochester Hills debt rating is excellent. Standard & Poor's issued a rating of AAA, Moody's issued a rating of Aaa, and Fitch Ratings affirmed a rating of AAA for the City. The City's total bond indebtedness at December 31, 2022 is \$11.9 million. The table below represents debt in millions of dollars. For detail information on outstanding debt, refer to Note 8.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 0.7	\$ 0.9	\$ -	\$ -	\$ 0.7	\$ 0.9
County contractual obligations	-	-	11.2	12.3	11.2	12.3
<b>Total</b>	<b>\$ 0.7</b>	<b>\$ 0.9</b>	<b>\$ 11.2</b>	<b>\$ 12.3</b>	<b>\$ 11.9</b>	<b>\$ 13.2</b>

**Economic Factors and New Year's Budget and Rates** – The City's taxable value is expected to increase by 5.7 percent for fiscal year 2023 due to improvements in the City's existing housing market, redevelopment, and new development. The City's total millage rate is set at 10.5510 mills for fiscal year 2023, which continues to be one of the lowest millage rates in Oakland County. Taxes are anticipated to account for 50 percent of governmental fund revenue and 40 percent of General Fund revenue in the fiscal year 2023 budget.

The Capital Improvement Fund is planned to decrease by \$1.2 million due to providing funding for the following projects: Denison Acres Subdivision (ditching), DPS Garage (HVAC replacement), and Citywide parking lot and roof improvements. The Local Street Fund anticipates utilizing \$895,000 of fund balance to maintain the Local Street Fund Balance level at 25% of annual operating expenses. The Fire Capital Fund anticipates utilizing \$540,000 on a new fire truck, and specialized equipment.

Designed to be conservative, sustainable, and resilient, the fiscal year 2023 budget continues to keep operating expenditures in line with operating revenue streams by assessing service delivery systems and reducing costs where possible. The City is able to confidently plan for capital improvements by utilizing funds maintained in reserve with no current plans to issue debt.

**Contacting the City's Management** - This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the City of Rochester Hills, Accounting Division, 1000 Rochester Hills Drive, Rochester Hills, MI 48309.



innovative *by* nature

**City of Rochester Hills**  
**Statement of Net Position**  
**December 31, 2022**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 57,431,425	\$ 17,531,830	\$ 74,963,255	\$ 8,435,065
Investments	70,015,822	24,364,914	94,380,736	2,713,914
Receivables				
Taxes	31,428,873	-	31,428,873	-
Customers	763,366	7,061,453	7,824,819	303,233
Accrued interest and other	524,703	213,533	738,236	-
Due from other units of government	3,504,676	25,253	3,529,929	662,321
Inventories	171,621	189,040	360,661	-
Long-term receivables	297,228	70,162	367,390	-
Leases receivable	951,316	-	951,316	669,699
Prepaid items and other assets	872,575	1,816,991	2,689,566	196,379
Restricted assets				
Cash and cash equivalents	-	3,886,235	3,886,235	-
Capital assets not being depreciated	74,041,028	4,231,294	78,272,322	3,370,244
Capital assets, net of accumulated depreciation	<u>165,336,608</u>	<u>130,028,502</u>	<u>295,365,110</u>	<u>11,808,752</u>
Total assets	<u>405,339,241</u>	<u>189,419,207</u>	<u>594,758,448</u>	<u>28,159,607</u>
<b>Deferred Outflows of Resources</b>				
Deferred amount relating to net OPEB liability	<u>219,760</u>	<u>69,771</u>	<u>289,531</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	4,666,929	2,608,927	7,275,856	835,157
Retainages payable	502,763	198,300	701,063	-
Accrued and other liabilities	1,144,513	197,005	1,341,518	84,224
Deposits and escrows	1,475,334	321,840	1,797,174	-
Unearned revenue	8,213,846	-	8,213,846	596,759
Noncurrent liabilities				
Debt due within one year	210,000	908,094	1,118,094	-
Debt due in more than one year	445,420	10,328,356	10,773,776	-
Current portion of compensated absences	1,833,503	327,775	2,161,278	66,370
Noncurrent portion of compensated absences	194,127	15,852	209,979	15,568
Net OPEB liability	86,689	27,354	114,043	-
Total liabilities	<u>18,773,124</u>	<u>14,933,503</u>	<u>33,706,627</u>	<u>1,598,078</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent years budget	40,159,162	-	40,159,162	1,183,051
Deferred amount relating to lease receivable	951,316	-	951,316	669,699
Total deferred inflows of resources	<u>41,110,478</u>	<u>-</u>	<u>41,110,478</u>	<u>1,852,750</u>
Total liabilities and deferred inflows of resources	<u>59,883,602</u>	<u>14,933,503</u>	<u>74,817,105</u>	<u>3,450,828</u>
<b>Net Position</b>				
Net investment in capital assets	238,219,453	124,082,017	362,301,470	15,178,996
Restricted for				
Streets and highways	13,704,973	-	13,704,973	-
Dedicated millages	7,718,985	-	7,718,985	-
Debt service	243,041	-	243,041	-
Capital projects	16,999,353	2,629,264	19,628,617	-
Tree conservation and maintenance	1,105,760	-	1,105,760	-
Permanent trusts (expendable)	1,163,084	-	1,163,084	6,673
Permanent trusts (non-expendable)	7,146,944	-	7,146,944	-
Unrestricted	<u>59,373,806</u>	<u>47,844,194</u>	<u>107,218,000</u>	<u>9,523,110</u>
Total net position	<u>\$ 345,675,399</u>	<u>\$ 174,555,475</u>	<u>\$ 520,230,874</u>	<u>\$ 24,708,779</u>

See Accompanying Notes to the Financial Statements

**City of Rochester Hills**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 9,316,273	\$ 3,870,616	\$ 336,045	\$ 228,028	\$ (4,881,584)	\$ -	\$ (4,881,584)	\$ -
Public service	17,926,019	446,167	9,629,565	2,488,252	(5,362,035)	-	(5,362,035)	-
Public safety	27,999,859	6,398,524	520,794	5,000	(21,075,541)	-	(21,075,541)	-
Community and economic development	1,298,859	39,304	-	-	(1,259,555)	-	(1,259,555)	-
Recreation and culture	7,879,531	855,816	93,112	-	(6,930,603)	-	(6,930,603)	-
Debt service	15,048	-	-	-	(15,048)	-	(15,048)	-
Total governmental activities	64,435,589	11,610,427	10,579,516	2,721,280	(39,524,366)	-	(39,524,366)	-
Business-type activities								
Sewer	11,980,870	15,125,719	-	389,045	-	3,533,894	3,533,894	-
Water	23,681,598	21,230,832	-	1,323,451	-	(1,127,315)	(1,127,315)	-
Solid waste management	411,126	632,495	-	-	-	221,369	221,369	-
Total business-type activities	36,073,594	36,989,046	-	1,712,496	-	2,627,948	2,627,948	-
Total primary government	\$ 100,509,183	\$ 48,599,473	\$ 10,579,516	\$ 4,433,776	(39,524,366)	2,627,948	(36,896,418)	-
<b>Component units</b>								
Local Development Finance Authority	\$ 2,077,315	\$ -	\$ -	\$ -	-	-	-	(2,077,315)
Brownfield Redevelopment Authority-Legacy	246,344	-	-	-	-	-	-	(246,344)
Brownfield Redevelopment Authority-Revolving	-	-	-	-	-	-	-	-
Rochester Hills Museum Foundation	20	-	-	-	-	-	-	(20)
Rochester-Avon Recreation Authority	2,300,430	1,425,686	250	-	-	-	-	(874,494)
Older Persons' Commission	4,537,389	1,102,607	1,125,410	-	-	-	-	(2,309,372)
Total component units	\$ 9,161,498	\$ 2,528,293	\$ 1,125,660	\$ -	-	-	-	(5,507,545)
General revenues								
Property taxes					38,616,603	-	38,616,603	1,162,173
Unrestricted state-shared revenue					9,267,828	-	9,267,828	-
Unrestricted investment earnings					536,030	597,293	1,133,323	99,090
Gain on sale of capital assets					755,884	-	755,884	1,363,934
Miscellaneous					419,496	1,709	421,205	72,224
Member contributions					139,682	-	139,682	3,410,113
Contribution to permanent fund-principal					149,241	-	149,241	-
Total general revenues and contributions to permanent fund-principal					49,884,764	599,002	50,483,766	6,107,534
Change in net position					10,360,398	3,226,950	13,587,348	599,989
Net position - beginning of year					335,315,001	171,328,525	506,643,526	24,108,790
Net position - end of year					\$ 345,675,399	\$ 174,555,475	\$ 520,230,874	\$ 24,708,779

**City of Rochester Hills**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

	General Fund	Major Road Fund	Local Street Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 9,608,413	\$ 2,503,234	\$ 4,977,717
Investments	16,044,997	4,136,891	1,477,389
Receivables			
Property taxes	9,059,581	-	3,421,395
Accounts	443,736	20,910	42,564
Accrued interest and other	143,736	30,566	17,428
Due from other units of government	1,500,620	1,222,329	458,189
Inventories	-	-	171,621
Long-term receivables	-	-	297,228
Lease receivable	769,995	-	-
Prepaid items and other assets	351,324	2,354	6,206
Total assets	<u>\$ 37,922,402</u>	<u>\$ 7,916,284</u>	<u>\$ 10,869,737</u>
<b>Liabilities</b>			
Accounts payable	\$ 309,082	\$ 137,850	\$ 314,638
Retainages payable	-	74,850	44,850
Accrued wages	457,334	33,055	87,166
Deposits and escrow	1,457,301	-	16,500
Other liabilities	13,757	-	534
Unearned revenue	2,067,251	-	-
Total liabilities	<u>4,304,725</u>	<u>245,755</u>	<u>463,688</u>
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent year's budget	11,576,261	-	4,371,605
Unavailable revenue-not collected within the period of availability	15,560	20,910	329,998
Lease-not collected within the period of availability	769,995	-	-
Total deferred inflows of resources	<u>12,361,816</u>	<u>20,910</u>	<u>4,701,603</u>
<b>Fund Balances</b>			
<b>Non-spendable</b>			
Inventories	-	-	171,621
Prepaid items	351,324	2,354	6,206
Permanent fund principal	-	-	-
<b>Restricted for</b>			
Park Facilities	-	-	-
Road construction and maintenance	-	7,647,265	5,526,619
Fire service	-	-	-
Police protection	-	-	-
Pathway operation and maintenance	-	-	-
Tree conservation and maintenance	-	-	-
Green space preservation	-	-	-
Debt service	-	-	-
Fire vehicles and equipment	-	-	-
Pathway construction	-	-	-
Permanent trusts	-	-	-
<b>Committed</b>			
Budget stabilization	1,000,000	-	-
Public improvements	-	-	-
<b>Assigned</b>			
Capital projects	-	-	-
General government	-	-	-
<b>Unassigned</b>			
	19,904,537	-	-
Total fund balances	<u>21,255,861</u>	<u>7,649,619</u>	<u>5,704,446</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,922,402</u>	<u>\$ 7,916,284</u>	<u>\$ 10,869,737</u>

See Accompanying Notes to the Financial Statements

Fire Fund	Special Police Protection Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,490,625	\$ 5,504,477	\$ 6,247,668	\$ 9,194,040	\$ 42,526,174
1,477,134	2,211,228		35,475,094	60,822,733
8,643,876	7,221,199	-	3,082,822	31,428,873
30,906	187,885	-	30,766	756,767
17,478	26,255		220,737	456,200
132,053	-	-	-	3,313,191
-	-	-	-	171,621
-	-	-	-	297,228
105,153	-	-	-	875,148
103,886	-	-	123,648	587,418
<u>\$ 15,001,111</u>	<u>\$ 15,151,044</u>	<u>\$ 6,247,668</u>	<u>\$ 48,127,107</u>	<u>\$ 141,235,353</u>
\$ 70,353	\$ 1,955,610	\$ -	\$ 209,700	\$ 2,997,233
-	-	-	12,724	132,424
288,399	-	-	12,636	878,590
1,533	-	-	-	1,475,334
1,350	1,128	-	104	16,873
-	-	6,146,595	-	8,213,846
<u>361,635</u>	<u>1,956,738</u>	<u>6,146,595</u>	<u>235,164</u>	<u>13,714,300</u>
11,044,571	9,226,717	-	3,940,008	40,159,162
27,306	145,905	-	-	539,679
105,153	-	-	-	875,148
<u>11,177,030</u>	<u>9,372,622</u>	<u>-</u>	<u>3,940,008</u>	<u>41,573,989</u>
-	-	-	-	171,621
103,886	-	-	123,648	587,418
-	-	-	7,146,944	7,146,944
-	-	-	13,745	13,745
-	-	-	-	13,173,884
3,358,560	-	-	-	3,358,560
-	3,821,684	-	-	3,821,684
-	-	-	107,070	107,070
-	-	-	1,105,760	1,105,760
-	-	-	140,394	140,394
-	-	-	246,525	246,525
-	-	-	14,886,439	14,886,439
-	-	-	2,112,914	2,112,914
-	-	-	1,163,084	1,163,084
-	-	-	-	1,000,000
-	-	-	591,351	591,351
-	-	-	16,314,061	16,314,061
-	-	101,073	-	101,073
-	-	-	-	19,904,537
<u>3,462,446</u>	<u>3,821,684</u>	<u>101,073</u>	<u>43,951,935</u>	<u>85,947,064</u>
<u>\$ 15,001,111</u>	<u>\$ 15,151,044</u>	<u>\$ 6,247,668</u>	<u>\$ 48,127,107</u>	<u>\$ 141,235,353</u>

See Accompanying Notes to the Financial Statements

**City of Rochester Hills**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**December 31, 2022**

---

<b>Total fund balances of governmental funds</b>	<b>\$ 85,947,064</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	118,987,710
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	55,355,574
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	539,679
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(3,484)
Compensated absences	(1,810,021)
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net OPEB liability	219,760
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds payable	(655,000)
Bond premiums	(420)
Net OPEB liability	(86,689)
Internal service funds are included as part of governmental activities.	<u>87,181,226</u>
<b>Net position of governmental activities</b>	<b><u>\$ 345,675,399</u></b>



innovative *by* nature

**City of Rochester Hills**  
**Governmental Funds**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2022**

	General Fund	Major Road Fund	Local Street Fund
<b>Revenues</b>			
Property taxes	\$ 10,900,169	\$ -	\$ 4,278,261
Licenses and permits	3,612,832	-	55,432
Federal grants	192,823	-	20,000
State grants	9,267,828	6,779,484	2,554,011
Other governmental revenues	-	1,970,000	-
Charges for services	5,997,651	394,798	119,910
Fines and forfeitures	1,214	-	-
Investment earnings (loss)	513,068	136,157	103,043
Special assessments	-	-	71,240
Refunds and other revenue	225,488	53,664	136,525
	<u>30,711,073</u>	<u>9,334,103</u>	<u>7,338,422</u>
<b>Expenditures</b>			
Current			
General government	8,927,267	-	-
Public safety	3,615,082	-	-
Public works	1,364,339	-	-
Community and economic development	1,196,546	-	-
Streets	-	1,771,180	4,048,375
Recreation and culture	4,575,868	-	-
Other functions	-	-	-
Capital outlay	-	10,693,781	4,432,603
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<u>19,679,102</u>	<u>12,464,961</u>	<u>8,480,978</u>
Excess (deficiency) of revenues over expenditures	<u>11,031,971</u>	<u>(3,130,858)</u>	<u>(1,142,556)</u>
<b>Other financing sources (uses)</b>			
Transfers in	48,403	390,340	1,650,000
Transfers out	(10,553,940)	(1,650,000)	-
Sale of capital assets	583	-	330
	<u>(10,504,954)</u>	<u>(1,259,660)</u>	<u>1,650,330</u>
Net change in fund balances	527,017	(4,390,518)	507,774
Fund balances - beginning of year	<u>20,728,844</u>	<u>12,040,137</u>	<u>5,196,672</u>
Fund balances - end of year	<u>\$ 21,255,861</u>	<u>\$ 7,649,619</u>	<u>\$ 5,704,446</u>

See Accompanying Notes to the Financial Statements

Fire Fund	Special Police Protection Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,564,063	\$ 9,046,039	\$ -	\$ 3,851,773	\$ 38,640,305
4,140	-	-	255	3,672,659
377,643	5,000	48,403	-	643,869
800	58,662	-	-	18,660,785
-	390,612	-	-	2,360,612
2,569,668	127,548	-	287,625	9,497,200
5,860	326,470	-	-	333,544
111,008	123,574	100,593	(1,109,564)	(22,121)
-	-	-	-	71,240
3	-	-	44,723	460,403
<u>13,633,185</u>	<u>10,077,905</u>	<u>148,996</u>	<u>3,074,812</u>	<u>74,318,496</u>
-	-	-	-	8,927,267
11,690,379	10,145,421	-	-	25,450,882
-	-	-	1,257,106	2,621,445
-	-	-	-	1,196,546
-	-	-	-	5,819,555
-	-	-	2,645,749	7,221,617
-	-	-	609,977	609,977
-	-	-	883,271	16,009,655
-	-	-	200,000	200,000
-	-	-	16,188	16,188
<u>11,690,379</u>	<u>10,145,421</u>	<u>-</u>	<u>5,612,291</u>	<u>68,073,132</u>
<u>1,942,806</u>	<u>(67,516)</u>	<u>148,996</u>	<u>(2,537,479)</u>	<u>6,245,364</u>
-	-	-	12,345,870	14,434,613
(2,083,070)	-	(48,403)	(11,727,990)	(26,063,403)
-	-	-	11,646	12,559
<u>(2,083,070)</u>	<u>-</u>	<u>(48,403)</u>	<u>629,526</u>	<u>(11,616,231)</u>
(140,264)	(67,516)	100,593	(1,907,953)	(5,370,867)
<u>3,602,710</u>	<u>3,889,200</u>	<u>480</u>	<u>45,859,888</u>	<u>91,317,931</u>
<u>\$ 3,462,446</u>	<u>\$ 3,821,684</u>	<u>\$ 101,073</u>	<u>\$ 43,951,935</u>	<u>\$ 85,947,064</u>

See Accompanying Notes to the Financial Statements

**City of Rochester Hills**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2022**

---

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (5,370,867)</b>
Total change in net position reported for governmental activities in the statement of activities is 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.	
Depreciation expense	(10,330,922)
Capital outlay	16,523,745
Donations of capital assets	162,875
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(23,702)
Other revenue	83,689
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	1,000
Compensated absences	117,872
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Change in net OPEB liability	(376,790)
Net change in the deferred inflow of resources related to the net OPEB liability	112,623
Net change in the deferred outflow of resources related to the net OPEB liability	219,760
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	200,000
Amortization of premiums, discounts and similar items	140
Internal service funds are also included as governmental activities	9,040,975
<b>Change in net position of governmental activities</b>	<b>\$ 10,360,398</b>



innovative *by* nature

**City of Rochester Hills**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2022**

	Enterprise Funds		Total	Internal Service Funds
	Water and Sewer Fund	Nonmajor Solid Waste Management Fund		
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 16,981,667	\$ 550,163	\$ 17,531,830	\$ 14,905,251
Investments	24,364,914	-	24,364,914	9,193,089
Receivables				
Accounts	6,906,092	155,361	7,061,453	6,599
Accrued interest	213,533	-	213,533	68,503
Due from other units of government	25,253	-	25,253	191,485
Inventories	189,040	-	189,040	-
Prepaid items and other assets	1,816,991	-	1,816,991	285,157
Total current assets	<u>50,497,490</u>	<u>705,524</u>	<u>51,203,014</u>	<u>24,650,084</u>
Noncurrent assets				
Restricted assets				
Assets held by Oakland County	3,886,235	-	3,886,235	-
Capital assets not being depreciated	4,231,294	-	4,231,294	18,685,454
Capital assets, net of accumulated depreciation	130,028,502	-	130,028,502	46,348,898
Long-term receivable	70,162	-	70,162	-
Lease receivable	-	-	-	76,168
Total noncurrent assets	<u>138,216,193</u>	<u>-</u>	<u>138,216,193</u>	<u>65,110,520</u>
Total assets	<u>188,713,683</u>	<u>705,524</u>	<u>189,419,207</u>	<u>89,760,604</u>
<b>Deferred Outflows of Resources</b>				
Deferred amount relating to net OPEB liability	<u>69,771</u>	<u>-</u>	<u>69,771</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	2,527,379	81,548	2,608,927	1,669,696
Retainages payable	198,300	-	198,300	370,339
Accrued wages	133,872	-	133,872	95,486
Deposits and escrows	181,840	140,000	321,840	-
Accrued and other liabilities	63,133	-	63,133	150,081
Debt due within one year	908,094	-	908,094	-
Current portion of compensated absences	327,775	-	327,775	180,846
Total current liabilities	<u>4,340,393</u>	<u>221,548</u>	<u>4,561,941</u>	<u>2,466,448</u>
Noncurrent liabilities				
Net OPEB liability	27,354	-	27,354	-
Debt due in more than one year	10,328,356	-	10,328,356	-
Noncurrent portion of compensated absences	15,852	-	15,852	36,762
Total noncurrent liabilities	<u>10,371,562</u>	<u>-</u>	<u>10,371,562</u>	<u>36,762</u>
Total liabilities	<u>14,711,955</u>	<u>221,548</u>	<u>14,933,503</u>	<u>2,503,210</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount relating to lease receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,168</u>
<b>Net Position</b>				
Net investment in capital assets	124,082,017	-	124,082,017	64,664,013
Restricted for				
Capital projects	2,629,264	-	2,629,264	-
Unrestricted	47,360,218	483,976	47,844,194	22,517,213
Total net position	<u>\$ 174,071,499</u>	<u>\$ 483,976</u>	<u>\$ 174,555,475</u>	<u>\$ 87,181,226</u>

**City of Rochester Hills**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2022**

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Nonmajor Solid Waste Management Fund	Total	
<b>Operating revenue</b>				
Charges for services	\$ 36,356,551	\$ 632,495	\$ 36,989,046	\$ 9,158,444
Other operating revenue	-	-	-	506,763
Total operating revenue	<u>36,356,551</u>	<u>632,495</u>	<u>36,989,046</u>	<u>9,665,207</u>
<b>Operating expenses</b>				
Cost of water produced/purchased	12,527,434	-	12,527,434	-
Cost of sewage treatment	8,999,352	-	8,999,352	-
Salaries and wages	4,330,594	-	4,330,594	3,052,758
Professional services	4,137,161	109,590	4,246,751	3,040,465
Utilities	-	-	-	862,371
Materials and supplies	425,133	-	425,133	622,873
Contractual services	-	301,536	301,536	-
Repairs and maintenance	21,087	-	21,087	1,269,755
Rentals	8,938	-	8,938	12,756
Other expenses	70,281	-	70,281	-
Depreciation and amortization	4,876,802	-	4,876,802	4,269,472
Total operating expenses	<u>35,396,782</u>	<u>411,126</u>	<u>35,807,908</u>	<u>13,130,450</u>
Operating income (loss)	<u>959,769</u>	<u>221,369</u>	<u>1,181,138</u>	<u>(3,465,243)</u>
<b>Nonoperating revenue (expenses)</b>				
Investment income	594,064	3,229	597,293	279,075
Gain on sale of capital assets	-	-	-	371,663
Interest expense	(265,686)	-	(265,686)	-
Other	1,709	-	1,709	-
Total nonoperating revenues	<u>330,087</u>	<u>3,229</u>	<u>333,316</u>	<u>650,738</u>
Income (loss) before contributions and transfers	<u>1,289,856</u>	<u>224,598</u>	<u>1,514,454</u>	<u>(2,814,505)</u>
<b>Capital contributions</b>				
Federal grant	100,000	-	100,000	-
State grant	48,096	-	48,096	-
Capital and lateral charges	702,985	-	702,985	-
Other capital contributions	861,415	-	861,415	226,690
Total capital contributions	<u>1,712,496</u>	<u>-</u>	<u>1,712,496</u>	<u>226,690</u>
<b>Transfers</b>				
Transfers in	-	-	-	11,628,790
Change in net position	3,002,352	224,598	3,226,950	9,040,975
Net position - beginning of year	<u>171,069,147</u>	<u>259,378</u>	<u>171,328,525</u>	<u>78,140,251</u>
Net position - end of year	<u>\$ 174,071,499</u>	<u>\$ 483,976</u>	<u>\$ 174,555,475</u>	<u>\$ 87,181,226</u>

See Accompanying Notes to the Financial Statements

**City of Rochester Hills**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Nonmajor Solid Waste Management Fund	Total	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 35,139,411	\$ 477,134	\$ 35,616,545	\$ 8,984,257
Payments for goods and services	(25,788,416)	(365,403)	(26,153,819)	(4,895,121)
Payments to employees	(4,366,957)	-	(4,366,957)	(3,048,306)
Other operating revenue	-	-	-	506,763
Net cash provided by operating activities	<u>4,984,038</u>	<u>111,731</u>	<u>5,095,769</u>	<u>1,547,593</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	-	-	-	11,628,790
<b>Cash flows from capital and related financing activities</b>				
Proceeds from special assessments	86,249	-	86,249	-
Federal grant	100,000	-	100,000	-
State grant	48,096	-	48,096	-
Capital contributions	702,985	-	702,985	226,690
Collection of capital and lateral charges	16,087	-	16,087	-
Purchases/construction of capital assets	(13,316,391)	-	(13,316,391)	(8,560,825)
Principal and interest paid on long-term debt	(1,311,822)	-	(1,311,822)	-
Proceeds from sale of capital assets	69,932	-	69,932	423,503
Net cash used by capital and related financing activities	<u>(13,604,864)</u>	<u>-</u>	<u>(13,604,864)</u>	<u>(7,910,632)</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales and maturities of investments	25,512,870	-	25,512,870	4,953,890
Purchases of investments	(24,364,914)	-	(24,364,914)	(9,193,089)
Interest received	450,443	3,256	453,699	225,535
Net cash provided (used) by investing activities	<u>1,598,399</u>	<u>3,256</u>	<u>1,601,655</u>	<u>(4,013,664)</u>
Net change in cash and cash equivalents	(7,022,427)	114,987	(6,907,440)	1,252,087
Cash and cash equivalents - beginning of year	<u>27,890,329</u>	<u>435,176</u>	<u>28,325,505</u>	<u>13,653,164</u>
Cash and cash equivalents - end of year	<u>\$ 20,867,902</u>	<u>\$ 550,163</u>	<u>\$ 21,418,065</u>	<u>\$ 14,905,251</u>
<b>Reconciliation to the statement of net position</b>				
Cash and cash equivalents	\$ 16,981,667	\$ 550,163	\$ 17,531,830	\$ 14,905,251
Assets held by Oakland County	3,886,235	-	3,886,235	-
	<u>\$ 20,867,902</u>	<u>\$ 550,163</u>	<u>\$ 21,418,065</u>	<u>\$ 14,905,251</u>

	Enterprise Funds			
	Water and Sewer Fund	Nonmajor Solid Waste Management Fund	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ 959,769	\$ 221,369	\$ 1,181,138	\$ (3,465,243)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization expense	4,876,802	-	4,876,802	4,269,472
Changes in assets and liabilities				
Receivables (net)	(1,201,533)	(155,361)	(1,356,894)	17,298
Due from other units of government	(15,607)	-	(15,607)	(191,485)
Inventories	(40,538)	-	(40,538)	-
Prepaid items and other assets	(8,828)	-	(8,828)	34,434
Deferred outflows of resources	(69,771)	-	(69,771)	-
Accounts payable	438,921	45,723	484,644	645,558
Accrued and other liabilities	116,775	-	116,775	233,107
Accrued wages, vacation and annual leave	(36,363)	-	(36,363)	4,452
Deferred inflows of resources	(35,589)	-	(35,589)	-
Net cash provided by operating activities	<u>\$ 4,984,038</u>	<u>\$ 111,731</u>	<u>\$ 5,095,769</u>	<u>\$ 1,547,593</u>

**Noncash Investing, Capital, and Financing Activities**

During the year ended December 31, 2022, the Water and Sewer Fund received \$861,415 of water and sewer lines donated by developers.

**City of Rochester Hills**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2022**

	Retiree Health Care Benefit Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 89,561	\$ 6,992,594
Investments		
Mutual funds	1,884,891	-
Receivables	-	2,735,394
Prepaid items	10	-
Total assets	1,974,462	9,727,988
<b>Liabilities</b>		
Accounts payable	-	9,663,213
<b>Net Position</b>		
Restricted for:		
OPEB	1,974,462	-
Individuals, organizations, or other governments	-	64,775
Total net position	\$ 1,974,462	\$ 64,775

**City of Rochester Hills**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2022**

	Retiree Health Care Benefit Trust Fund	Custodial Funds
<b>Additions</b>		
Contributions		
Employer	\$ 75,110	\$ -
Member	-	23,880,715
	<u>75,110</u>	<u>23,880,715</u>
Total contributions	75,110	23,880,715
Investment earnings (loss)	(375,013)	42,719
Property tax collections for other governments	-	103,733,654
Other revenue	1	65,737
	<u>(299,902)</u>	<u>127,722,825</u>
Total additions	(299,902)	127,722,825
<b>Deductions</b>		
Benefits	181,953	-
Administrative expenses	8,893	-
Professional services	-	60,100
Water purchases	-	23,835,909
Payments of property tax to other governments	-	103,733,654
Payments to other organizations	-	28,387
	<u>190,846</u>	<u>127,658,050</u>
Total deductions	190,846	127,658,050
Change in net position	(490,748)	64,775
Net position - beginning of year	<u>2,465,210</u>	<u>-</u>
Net position - end of year	<u>\$ 1,974,462</u>	<u>\$ 64,775</u>

**City of Rochester Hills  
Component Units  
Statement of Net Position  
December 31, 2022**

	Local Development Finance Authority	Brownfield Redevelopment Authority - Legacy	Brownfield Redevelopment Authority - Revolving	Rochester Hills Museum Foundation	Rochester- Avon Recreation Authority	Older Persons' Commission as of September 30, 2022	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 2,367,661	\$ 646,104	\$ 20,555	\$ 10,184	\$ 1,265,457	\$ 4,125,104	\$ 8,435,065
Investments	1,471,275	-	-	-	-	1,242,639	2,713,914
Receivables							
Leases Receivable	-	-	-	-	669,699	-	669,699
Receivables	15,159	200,486	-	-	11,225	76,363	303,233
Due from other units of government	493,565	-	-	-	-	168,756	662,321
Prepaid items and other assets	50	-	-	-	23,727	172,602	196,379
Capital assets not being depreciated	-	-	-	-	280,000	3,090,244	3,370,244
Capital assets, net of accumulated depreciation	-	-	-	-	2,079,872	9,728,880	11,808,752
Total assets	<u>4,347,710</u>	<u>846,590</u>	<u>20,555</u>	<u>10,184</u>	<u>4,329,980</u>	<u>18,604,588</u>	<u>28,159,607</u>
<b>Liabilities</b>							
Accounts payable	702	620,583	-	-	69,911	143,961	835,157
Accrued and other liabilities	3,007	-	-	-	30,934	50,283	84,224
Unearned revenue	-	-	-	-	167,302	429,457	596,759
Noncurrent liabilities							
Compensated absences due within one year	-	-	-	-	-	66,370	66,370
Noncurrent portion of Compensated absences	-	-	-	-	-	15,568	15,568
Total liabilities	<u>3,709</u>	<u>620,583</u>	<u>-</u>	<u>-</u>	<u>268,147</u>	<u>705,639</u>	<u>1,598,078</u>
<b>Deferred Inflows of Resources</b>							
Property taxes levied for subsequent years' budget	982,565	200,486	-	-	-	-	1,183,051
Deferred amount relating to leases receivable	-	-	-	-	669,699	-	669,699
Total deferred inflow of resources	<u>982,565</u>	<u>200,486</u>	<u>-</u>	<u>-</u>	<u>669,699</u>	<u>-</u>	<u>1,852,750</u>
<b>Net Position</b>							
Net investment in capital assets	-	-	-	-	2,359,872	12,819,124	15,178,996
Restricted - permanent endowment - expendable	-	-	-	-	-	6,673	6,673
Unrestricted	3,361,436	25,521	20,555	10,184	1,032,262	5,073,152	9,523,110
Total net position	<u>\$ 3,361,436</u>	<u>\$ 25,521</u>	<u>\$ 20,555</u>	<u>\$ 10,184</u>	<u>\$ 3,392,134</u>	<u>\$ 17,898,949</u>	<u>\$ 24,708,779</u>

See Accompanying Notes to the Financial Statements

**City of Rochester Hills**  
**Component Units**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

	Local Development Finance Authority	Brownfield Redevelopment Authority - Legacy	Brownfield Redevelopment Authority - Revolving	Rochester Hills Museum Foundation	Rochester- Avon Recreation Authority	Older Persons' Commission For the Year Ended September 30, 2022	Total
<b>Expenses</b>							
Public service	\$ 2,077,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,077,315
Community and economic development	-	246,344	-	-	-	-	246,344
Recreation and culture	-	-	-	20	2,300,430	4,537,389	6,837,839
<b>Total expenses</b>	<u>2,077,315</u>	<u>246,344</u>	<u>-</u>	<u>20</u>	<u>2,300,430</u>	<u>4,537,389</u>	<u>9,161,498</u>
<b>Program revenues</b>							
Charges for services	-	-	-	-	1,425,686	1,102,607	2,528,293
Operating grants and contributions	-	-	-	-	250	1,125,410	1,125,660
<b>Total program revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,936</u>	<u>2,228,017</u>	<u>3,653,953</u>
<b>Net program expense</b>	(2,077,315)	(246,344)	-	(20)	(874,494)	(2,309,372)	(5,507,545)
<b>General revenues</b>							
Property taxes	903,322	258,851	-	-	-	-	1,162,173
Unrestricted investment earnings	53,278	8,932	117	62	21,532	15,169	99,090
Gain on sale of capital assets	-	-	-	-	1,363,934	-	1,363,934
Miscellaneous	-	-	-	-	2,910	69,314	72,224
Member contributions	-	-	-	-	827,457	2,582,656	3,410,113
<b>Transfers</b>	<u>-</u>	<u>(7,766)</u>	<u>7,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total general revenues and transfers</b>	956,600	260,017	7,883	62	2,215,833	2,667,139	6,107,534
<b>Change in net position</b>	(1,120,715)	13,673	7,883	42	1,341,339	357,767	599,989
<b>Net position - beginning of year</b>	<u>4,482,151</u>	<u>11,848</u>	<u>12,672</u>	<u>10,142</u>	<u>2,050,795</u>	<u>17,541,182</u>	<u>24,108,790</u>
<b>Net position - end of year</b>	<u>\$ 3,361,436</u>	<u>\$ 25,521</u>	<u>\$ 20,555</u>	<u>\$ 10,184</u>	<u>\$ 3,392,134</u>	<u>\$ 17,898,949</u>	<u>\$ 24,708,779</u>

See Accompanying Notes to the Financial Statements



innovative *by* nature

## Notes to the Financial Statements

---

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used by the City of Rochester Hills, Michigan:

**Reporting Entity**

The City of Rochester Hills, Michigan (the City) is a municipal corporation that is governed by an elected seven-member council. The City provides the following services as authorized by its charter: public safety (fire protection and contracted police service), street maintenance, water and wastewater distribution, parks and recreation, public improvements, planning and zoning, and general administrative services. 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Blended Component Units** - The Rochester Hills Building Authority is governed by a five-member board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public facilities.

**Discretely Presented Component Units** - The following component units are reported within the component unit column in the government-wide financial statements. They are reported in a separate column to emphasize that they are legally separate from the City.

- a. The Local Development Finance Authority (LDFA) is governed by a thirteen-member board, of which seven members are appointed by the mayor and confirmed by the City Council while the other six members are appointed by the legislative bodies of other taxing authorities. The LDFA was created to provide a means for financing infrastructure improvements within a certain area of the City on behalf of the City and other entities. The City has the ability to impose its will upon LDFA. In addition, the City Council sets the annual budget for LDFA and LDFA is presented as a government fund type. There are no modifications needed to reflect the full accrual basis of reporting for the LDFA. The financial statements presented on pages 4–15 and 4–16 also reflect the LDFA's accrual basis of reporting. No separate financial statements are issued for the LDFA.
- b. The Brownfield Redevelopment Authority – Legacy (the "Brownfield Authority - Legacy") was created, pursuant to Public Act 381 of 1996, to promote revitalization of an environmentally distressed area at the corner of Hamlin Rd. and Adams Rd. The Brownfield Redevelopment Authority is governed by a seven-member board, appointed by the mayor, and confirmed by the City Council. The City has the ability to impose its will on the Brownfield Authority- Legacy. In addition, the City Council sets the annual budget for the Brownfield Authority - Legacy. There are no modifications needed to reflect the full accrual basis of reporting for the Brownfield Authority - Legacy. The financial statements presented on pages 4–15 and 4–16 also reflect the Brownfield Authority - Legacy's accrual basis of reporting. No separate financial statements are issued for the Brownfield Authority - Legacy.
- c. The Brownfield Redevelopment Authority – Revolving (the "Brownfield Authority - Revolving") was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the 32.2 square mile boundary of the City. The Brownfield Redevelopment Authority is governed by a seven-member board, appointed by the mayor, and confirmed by the City Council. The City has the ability to impose its will on the Brownfield Authority - Revolving. In addition, the City Council sets the annual budget for the Brownfield Authority - Revolving. There are no modifications needed to reflect the full accrual basis of reporting for the Brownfield Authority - Revolving. The financial statements presented

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

on pages 4–15 and 4–16 also reflect the Brownfield Authority - Revolving's accrual basis of reporting. No separate financial statements are issued for the Brownfield Authority - Revolving.

- d. The Rochester Hills Museum Foundation was organized in 2014 as a 501(c)3 tax exempt organization and will receive and administer funds to promote and assist in the development of the Museum's educational activities and programs including the development of broad public, private and volunteer support to make the Museum's resources more accessible to the public and promote historic preservation in Rochester Hills and the surrounding area. The Foundation is governed by a nine-member board. Six of the Board Members will be at-large members and shall be appointed by the City Council. At least two of the at-large Board Members shall be residents of the City of Rochester Hills. The Mayor will nominate three of the six at-large Board Members to be confirmed by the City Council and the City Council shall nominate and appoint three of the six at-large members. The remaining Board Members are ex-officio members. The City Council sets the annual budget for the Rochester Hills Museum Foundation. The financial statements presented on pages 4–15 and 4–16 also reflect the Rochester Hills Museum Foundation's on the accrual basis. No separate financial statements are issued for the Rochester Hills Museum Foundation.
- e. The Rochester-Avon Recreation Authority (R.A.R.A.) was organized in 1971 for the purpose of providing extensive and varied recreational programs for residents residing within the jurisdiction of the participating governmental organizations. Along with the City of Rochester Hills, Michigan, which is 43% of participating members, City of Rochester (29%), Rochester Community School District (14%) and Avondale School District (14%) are also member units of the R.A.R.A. R.A.R.A. is financially accountable to the City.

The governing body of the R.A.R.A. consists of a total of seven members that include one Council member and two Council-appointed residents from the City of Rochester Hills, one Council member and one Council-appointed resident from City of Rochester, one Board-appointed member from the Rochester Community Schools and one Board-appointed member from the Avondale School District. There is a financial benefit/burden relationship between the R.A.R.A. and the City of Rochester Hills due to an interlocal agreement. It is agreed that on-going funding to the R.A.R.A. for programs and activities will be based the taxation of properties by the governing bodies. City Council approves the annual budget. In addition, the recreational and cultural benefits provided by R.A.R.A. to the City would fall back on the City if R.A.R.A. discontinued operations. R.A.R.A.'s financial statements can be obtained from its administrative offices at 500 East Second Street, Rochester, MI 48307.

- f. The Older Persons' Commission (O.P.C.) was organized in 1983 for the purpose of providing activities and services for older persons residing within the jurisdiction of the participating governmental organizations. Along with the City of Rochester Hills, Michigan, which is a 65% participating member, Oakland Township (23%) and the City of Rochester (12%) are also member units of the O.P.C. The Older Persons' Commission is fiscally accountable to the City because the City makes certain debt payments on behalf of the O.P.C.

The governing body of the O.P.C. consists of a total of eight members including two City Council members and two Council-appointed older persons from the City of Rochester Hills, one City Council member, and one Council-appointed older person from the City of Rochester, and one Board Member and one Board-appointed older person from Oakland Township. There is a financial benefit/burden relationship between the O.P.C. and the City of Rochester Hills due to an interlocal agreement between the O.P.C. and the participating governments. It is agreed that on-going funding to the O.P.C. for programs and activities will be based on the taxation of properties by the governing bodies. City Council approves the annual budget. In addition, the recreational and cultural benefits provided by the O.P.C. to the City would fall back on the City if the O.P.C. discontinued operations. O.P.C.'s financial statements

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

for year ending September 30, 2022 can be obtained from its administrative offices at 650 Letica Drive, Rochester, MI 48307.

**Joint Ventures**

The City is a member of the Paint Creek Trailways Commission, which was organized in 1981 for the purposes of owning, developing, maintaining, and otherwise operating certain non-motorized public trails within the jurisdiction of the participating governmental organizations. The participating communities, which include Orion Township (23 percent), City of Rochester (22 percent), City of Rochester Hills (24 percent), and Oakland Township (31 percent), provide annual funding for its operations. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The City does not have an equity interest in the joint venture. Complete financial statements for the Paint Creek Trailways Commission can be obtained from the administrative offices at 4393 Collins Road, Rochester, MI 48306.

The City is a member of the North Oakland County Water Authority (NOCWA), which was organized in 2015 as a regional water authority for the purpose of increasing efficiency and containing water service costs for member communities.

The member communities are the City of Auburn Hills, the City of Rochester Hills, the Charter Township of Orion, and the Oakland County Water Resources Commission (who manages the City of Pontiac water system). NOCWA was created out of collective concern regarding system reliability, decreased water pressure, rising Great Lakes Water Authority (GLWA) water supplier rates, and overall operating expenses. The City of Rochester Hill acts as the NOCWA Fiduciary by processing invoices owed by NOCWA and in turn billing each of the member communities their predetermined share. The City of Rochester Hills still has monthly water expenses but instead at a lower rate negotiated by NOCWA. The City has no equity interest in NOCWA, as NOCWA holds no assets. Complete financial statements for NOCWA can be obtained from the Fiscal Office at 1000 Rochester Hills Drive, Rochester Hills, MI 48309.

**Accounting and Reporting Principles**

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

**Adoption of New Accounting Principles**

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives – the government wide perspective, and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The government wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. The City's property taxes are levied on each December 1. The City's 2021 tax is levied and collectible on December 1, 2021 and is recognized as revenue in the year ended December 31, 2022, which is the year for which it was levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to a modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment that is 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 for licensing, permits, or services; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of inter-fund activities has been removed from these statements. Exceptions to this general rule are charges between the City's Water and Sewer Fund and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the Enterprise Fund are reported separately in the fund financial statements.

**Fund Accounting**

The City accounts for its various different activities in several different funds, in order to demonstrate accountability for how we have spent certain resources. Separate funds allow us to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

**Governmental Funds** include all activities that provide general governmental services that are not business type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds and permanent funds. The City reports the following funds as "major" governmental funds:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. The Major Road Fund accounts for the State of Michigan Public Act 51 monies that are used to construct and maintain the major road system.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

- c. The Local Street Fund accounts for the State of Michigan Public Act 51 monies and special millage, spread by the City, which are used to construct and maintain the local street system.
- d. The Fire Fund accounts for all revenue and expenditures for citywide fire operations, including millage collection.
- e. The Special Police Protection Fund accounts for the special millage for City police protection contracted with Oakland County.
- f. The ARPA Fund accounts for grant funding received related to the American Rescue Plan Act.

**Proprietary Funds** include enterprise funds, (which provide goods and services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the Water and Sewer Fund as a “major” enterprise fund. The Water and Sewer Fund accounts for the cost of maintenance and operations for water and sewer provided to City residents and businesses that is financed primarily through user charges.

The City’s internal service funds account for the costs of operating and maintaining the land, building, machinery, equipment, technology, vehicles and insurance and used to allocate 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.

**Fiduciary Funds** include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government’s programs. Activities that are reported as fiduciary include:

- a. Retiree Health Care Trust Fund which accumulates resources for the postemployment employee health care benefit program.
- b. General Fiduciary Fund is a custodial fund that accounts for the collection of licensing and trailer taxes due to other governmental agencies.
- c. Tax Collection Fund is a custodial fund which collects taxes on behalf of all the taxing authorities (State, County, School Districts, and smaller authorities) and remits the taxes to each authority.
- d. North Oakland County Water Authority Fund is a custodial fund which reports resources held by the City on behalf of NOCWA, a separate legal entity comprised of four communities (Rochester Hills, Pontiac, Charter Township of Orion and Auburn Hills).

**Interfund Activity** - During the course of operations the government has activity between funds for various purposes. If applicable, any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities’ column. Similarly, balances between the funds included in business-type activity (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activity column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities’ column. Similarly, balances between the funds included in

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

the business-type activities are eliminated so that only the net amount is included as transfer in the business-type activities column.

**Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

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

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

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

**Specific Balances and Transactions**

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at market value. Investment income from pooled investments is generally allocated to each fund using a weighted average.

**Inventories and Prepaid Items** - 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. Such payments in governmental funds follow the consumption method, and they therefore are recorded as prepaid items. in both government-wide and fund financial statements.

**Restricted Assets** - Assets have been restricted in the primary government, as they represent the assets held by Oakland County to be applied against future payment obligations of the City. See Note 9 for additional discussion.

**Capital Assets** - Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer mains, 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.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

Infrastructure, intangibles, buildings, equipment and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	20 to 50 years
Building improvements	10 to 15 years
Land improvements	10 to 15 years
Office furnishings	3 to 5 years
Other tools & equipment	5 to 10 years
Roads	20 years
Drainage flow rights	40 years
Vehicles	5 to 12 years
Water & sewer distribution systems	50 years

**Compensated Absences (Vacation and Annual Leave)** - It is the City's policy to permit employees to accumulate earned but unused vacation and annual leave pay benefits. Historically, these benefits have been liquidated by the General Fund or other operating funds to which each employee is assigned. All vacation and annual leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

**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 bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The debt service funds are generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that is applicable to a future reporting period. Changes in assumptions and experience differences relating to the net OPEB liability are amortized over the remaining service lives of employees in the plan. Deferred outflows of resources may also be reported as the result of OPEB plan earnings. This occurs when actual plan earnings fall short of expected plan earnings and are amortized over future years and is included in OPEB expense.

In addition to liabilities, the statement of net position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that arise under a modified accrual basis of accounting that qualifies for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues not collected within the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Both the governmental funds and governmental activities report deferred inflow for property taxes levied for the next year's budget as well as amounts from leases not collected within the period of availability. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease.

**Net Position Flow Assumptions** - Sometimes the government will fund outlays for particular purposes from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted – net position in the government-wide and

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider unrestricted – net position to have been depleted before restricted – net position is applied.

**Fund Balance Flow Assumption** - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider all categories of unrestricted fund balance to have been depleted before using restricted fund balance. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: unassigned, assigned and committed.

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of City's highest level of decision-making authority. Committed fund balance represents funds formally set aside by resolution of the City Council for a particular purpose. The use of committed funds can only be rescinded by resolution of the City Council.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned fund balance represents the City Council's intent to use resources for an intended purpose; the approval for using assigned fund balance is done through the budget process.

The City Council has adopted, by ordinance, a Budget Stabilization Fund in which the City Council may at its discretion set aside all or any part of a surplus generated in General Fund resulting from the excess of revenue in comparison to expenditures. An appropriation from the Budget Stabilization Fund would require an approved resolution by a two-thirds vote of the City Council. Per ordinance, the Stabilization Appropriation may be used for the following conditions: to cover a General Fund deficit, to cover expense arising from a natural disaster or to prevent a reduction of staff any time in a fiscal year or during the budget preparations for the next fiscal year when revenues or estimated revenues do not cover actual or estimated expenditures.

To preserve a sound financial system and to provide a stable financial base, the City Council adopted a Fund Balance Policy. At a minimum, the fund balance of General Fund and Special Revenue Funds will be maintained at twenty percent of operating revenues. The City Council's Fund Balance Policy included that fund equity of Internal Service Funds will be maintained at a minimum of twenty percent of operating revenues and the Water and Sewer Fund's unrestricted net position be maintained at a minimum of twenty five percent of operating revenue. Funds with a special purpose (Debt Service, Perpetual Care, Tree Fund, Green Space Preservation and Capital Funds) are exempted from this policy due to the nature of their individual function.

The City is in compliance with its fund balance policies.

**Property Tax Revenue** - Property taxes are levied and become a lien on each December 1 based on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year; at which time they are added to the County tax roll and additional penalties and interest are assessed.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

The City's 2021 tax is levied and collectible on December 1, 2021 and is recognized as revenue in the year ended December 31, 2022, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the City totaled approximately \$3.8 billion on which taxes are levied as follows:

<u>Function</u>	<u>Mills</u>	<u>Dollars</u>
General operating purposes	2.7457	\$ 10,652,274
Local streets	1.0781	4,180,241
Fire operating services	2.7000	10,469,096
Police protection services	2.3117	8,963,583
O.P.C. operating and transportation	0.4120	1,597,118
Park Facility	0.1660	643,144
R.A.R.A. operating	0.1846	715,663
Pathway maintenance	0.1758	681,540
Debt service	0.0353	137,910

These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue. In addition, the City acts as the billing and collection agent for the Rochester Hills Public Library and collects .7353 mills, (\$3 million) that are passed on to the Rochester Hills Public Library as received for their library operations. The library is not a part of the City's financial statement.

**Other Postemployment Benefit (OPEB) Costs** - The City offers a retiree healthcare supplemental benefit to certain qualified retirees. The City receives an actuarial valuation to compute the actuarially determined contribution (ADC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual costs equal to the OPEB expense. The net OPEB liability (asset) has generally been liquidated from the General Fund, Fire Fund and the Water and Sewer Fund.

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. Capital and lateral charges are intended to recover the cost of the infrastructure and are recognized as non-operating revenue.

**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.

**Note 2 - 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

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the current year activity and the cumulative shortfall generated since January 1, 2022 is as follows:

Cumulative shortfall at January 1, 2022		\$ (2,623,781)
Building permit revenue		3,072,784
Related expenses:		
Direct expenses	(2,202,669)	
Estimated indirect costs	<u>(330,400)</u>	
Total related expenses		<u>(2,533,069)</u>
Cumulative shortfall at December 31, 2022		<u>\$ (2,084,066)</u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest operating funds into the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. In addition, the Act allows the City 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, with maturities not exceeding more than 270 days from the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade at the time of purchase; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated 18 banks for the deposit of its funds. The investment policy adopted by the City, for its operating funds, in accordance with Public Act 196 of 1997 has authorized investment in all investments permissible under Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended), as listed above. The City's deposits and investment policies are in accordance with statutory authority.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

As of December 31, 2022, the City's operating portfolio is as follows:

<u>Investment Type</u>	<u>Fair value</u>	<u>Percent</u>
Commercial paper	\$ 28,934,324	39.8%
U.S. Government Securities	43,677,459	60.2%
	<u>\$ 72,611,783</u>	<u>100.0%</u>

As of December 31, 2022, the City's operating portfolio had the following bank deposits:

<u>Bank Deposit</u>	<u>Deposit Amount</u>	<u>Percent</u>
Huntington Bank	\$ 15,185,212	42.8%
Flagstar Bank Savings	5,296,981	14.9%
Chief Financial Credit Union	5,000,000	14.1%
CIBC Bank	5,000,000	14.1%
Horizon Bank	5,000,000	14.1%
	<u>\$ 35,482,193</u>	<u>100.0%</u>

Investments of the Retiree Health Care Benefit Trust Fund, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trust (the Trusts) are made in accordance with Act 314 of 1965, as amended, and are limited to no more than 70 percent in common stock. The general goal of the Trusts, as defined by their Investment Policy Statements (IPS), is to have no more than 60 percent of its investments in equities and to have at least 40 percent in fixed income investments including cash equivalents. Michigan Public Act 314 of 1965, as amended, authorizes certain investments and limitations as allowable including stocks, bonds, reverse repurchase agreements, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), certain state and local government obligations, and certain other specified investment vehicles. In addition, no investments, loans, or leases can be made with parties related to the Trust.

As of December 31, 2022, the Trusts were holding the following registered mutual fund investment types:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent</u>
Vanguard LifeStrategy Conservative Growth [VSCGX]	\$ 5,553,995	54.9%
Vanguard LifeStrategy Moderate Growth [VSMGX]	4,063,950	40.1%
Vanguard LifeStrategy Growth [VASGX]	507,175	5.0%
	<u>\$ 10,125,120</u>	<u>100.0%</u>

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

**Custodial Risk, Deposits, and Investments**

Custodial credit risk is the risk that in the event of a custodian failure, the City's deposits may not be returned. The City's operating fund Investment Policy states that "The City will minimize custodial risk by: 1) Using financial institutions and brokers (custodians) meeting pre-established criteria and; 2) Holding all securities in the name of the City of Rochester Hills." The City's Annual Depository Resolution, for its operating portfolio, lists qualified Broker/Dealer/Safekeeping institutions for the purchase and safekeeping of commercial paper and US

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

Government obligations. All security transactions entered into by the City, for its operating portfolio, are conducted on a delivery-versus-payment (DVP) basis, held by a third-party custodian, and evidenced by a safekeeping receipt. As of December 31, 2022, \$43,677,459 in U.S. Government obligations and \$28,934,324 in Commercial Paper are held in third-party safekeeping in the City's name. The City's Investment Pool Accounts have their securities safe kept with a third-party selected by the counterparty. The balance in the accounts is \$64,292,473. The pool's securities are held in trust for the participants of the fund and are not available to the counterparty should the counterparty happen to fail.

In addition, the City's deposit policy for operating funds related to custodial credit risk, requires that all financial institutions utilized by the City maintain an office within the state of Michigan and meet certain other requirements including financial. At year end, the City had 5 bank depository accounts (certificates of deposit, checking, and savings accounts) that were partially uninsured and uncollateralized in the aggregate amount of \$35,482,193.

The City believes whenever possible it is prudent to have FDIC insure the bulk of the City's bank deposits including its Certificate of Deposit portfolio. Due to the size and nature of the City's operating fund investment portfolio, it may be impractical at all times to insure all deposits. As a result, the City evaluates each financial institution with which it has funds on deposit and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

For the Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trust, Custodial Risk is associated with the possible failure of the Trusts' safekeeping agent, where the Trusts would not be able to recover the value of its investments in the possession the Trusts' agent. The Trusts' Investment Policy Statements (IPS) requires that all investment transactions shall be conducted through a custodian that will act as the Trusts' third party. Securities shall be held by the custodian, as designated by the Trust Board through its selected investment provider and shall be evidenced by a custodial report. As of December 31, 2022, \$10,125,120 or 100 percent, of the investments were held in third party safekeeping, in the Trust's name.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's operating fund investment policy restricts investment maturities to two years unless the maturity is matched to a specific cash flow need. Reserve funds with longer-term investment horizons may be invested in U.S. Treasury Obligations and U.S. Government Agency Security and Instruments maturing in up to five years. Commercial paper purchases have a maximum maturity of 270-days as stated within State law. The City's operating fund investment policy minimizes the risk that the market value of the securities in the portfolio will fall due to changes in the general interest rate by structuring the maturities of the portfolio to meet cash flow requirements of ongoing operations, thereby avoiding the need to liquidate securities prior to maturity. This is done by investing operating funds primarily in short-term securities and investment pools, and only purchasing securities with the intent to hold to maturity. At year-end, the average maturities of investments are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Commercial Paper	\$ 28,934,324	267 Days
Government agency securities	43,677,459	269 Days
MI CLASS LGIP - PRIME Fund	46,416,605	33 Days
MI CLASS LGIP - EDGE Fund	10,154,699	98 Days
Oakland County LGIP	7,721,169	549 Days

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

Investment pool accounts, used for the City’s operating portfolio, are Stable NAV Government Investment Pools that seek to preserve the value of the investment at \$1.00 per share. Using \$1.00 per share funds helps limit the City’s risk exposure that the value of investments will decrease as a result of a rise in interest rates. Since the City began using the listed investment pools, their NAV’s have maintained \$1.00 per share. The City also utilizes a medium-term investment pool account for operating reserves which are not needed for daily liquidity. This medium-term investment pool is managed to approximate a \$10.00 transactional share price.

The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts’ adopted IPS place the maximum effective maturity of any single security at 30 years.

**Credit Risk**

Credit Risk is the possibility that institution(s) for which an investment is being held could fail. State law limits investments, related to the City’s operating funds, in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City’s operating fund investment Policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions and intermediaries with which the City does business and diversifying the portfolio so potential losses on individual securities will be minimized. As of year-end, the credit quality ratings of debt securities (other than the U.S. Treasuries) are as follows:

Investments	Fair Value	Rating
Commercial Paper	\$ 28,934,324	A-1 / P-1
Government agency securities	43,677,459	AA+
MI CLASS LGIP - PRIME Fund	46,416,605	AAAm
MI CLASS LGIP - EDGE Fund	10,154,699	AAAf
Oakland County LGIP	7,721,169	N/A

The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts’ adopted IPS state that the general investment objectives of the Trusts are to attain a favorable relative rate of return for the Trusts with the primary emphasis upon (i) preservation of capital, (ii) anticipated liquidity needs, and (iii) a view towards long-term capital appreciation.

In addition, the IPS further defines its desired exposure to fixed income securities as being rated “BBB” (or its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency. The minimum dollar-weighted average credit quality rating of the fixed income portfolio must be “A”. Asset backed securities, mortgage backed securities, and Collateralized Mortgage Obligations (CMOs) shall be rated “AAA” (or its equivalent) by a nationally recognized statistical rating agency at the time of purchase.

**Risks and Uncertainties**

The City invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position/balance sheet.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

The City categorizes its market value measurements within the market value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the market value of the asset. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

- Level 1 Valuations based on:
  - Principal Market (or the most advantageous market)
  - Transaction prices in that market as of the measurement date
  
- Level 2 Valuations based on:
  - Quoted prices for similar/identical assets/liabilities in an active market
  - Inputs other than quoted prices that are observable, such as interest rates and yield curves, implied volatilities and credit spreads
  
- Level 3 Valuations based on:
  - Best information available

In instances whereby inputs used to measure market value fall into different levels in the above market value hierarchy, market 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 market value measurements requires judgement and considers factors specific to each asset or liability.

The City has the following recurring market value measurements as of December 31, 2022:

**Assets Measured at Fair Value on a Recurring Basis**

Fair Value Measurement Using

	Balance at December 31, 2022	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt Securities</b>				
Mutual Funds	\$ 10,125,121	\$ 10,125,121	\$ -	\$ -
Commercial Paper	28,934,324	-	28,934,324	-
U.S. Government Securities	43,677,459	-	43,677,459	-
Total Debt Securities	<u>\$ 82,736,904</u>	<u>\$ 10,125,121</u>	<u>\$ 72,611,783</u>	<u>\$ -</u>
<b>Investments measured at the net asset value (NAV):</b>				
MI CLASS LGIP - PRIME Fund	\$ 46,416,605			
MI CLASS LGIP - EDGE Fund	10,154,699			
Oakland County LGIP	7,721,169			
Total investments at NAV	<u>\$ 64,292,473</u>			
Total investments measured at market value	<u>\$ 147,029,377</u>			

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

The market value of mutual funds were determined based upon quoted market prices (Level 1 inputs). The Michigan CLASS and Oakland County LGIP investments are valued at Net Asset Value (NAV).

The market value of commercial paper was determined primarily based on Level 2 inputs. The City estimates the market value of these investments using other inputs such as a matrix pricing model. The market value of U.S. government securities at December 31, 2022 was determined primarily based on Level 2 inputs. The City estimates the market value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

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

The City holds shares or interests in investment companies whereby the market 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 the year ended December 31, 2022, the market value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
MI CLASS LGIP - PRIME Fund	\$ 46,416,605	\$ -	None	N/A
MI CLASS LGIP - EDGE Fund	10,154,699	-	None	N/A
Oakland County LGIP	7,721,169	-	None	N/A

The private placement collective trust fund class includes investments in collective trusts that invest in investment-grade fixed-income securities and diversified sector/industry stocks. The trusts are managed and designed to match or exceed the performance of specific stock market indices. The market value of the investments in this class have been estimated using the net asset value per share of the investments. Financial statements for Michigan CLASS may be obtained from the website: [www.michiganclass.org](http://www.michiganclass.org). Financial statements for the Oakland County LGIP are included in Oakland County's ACFR and may be obtained from the website: [www.oakgov.com](http://www.oakgov.com).

**Concentration of Credit Risk**

The City's operating fund investment policy minimizes the risk inherent in placing a large portion of the portfolio with a single security issuer by limiting such placement to a percentage of the total portfolio, defined as securities plus deposits and cash equivalents. The diversification by security issuer is limited to:

- 5% for Commercial Paper issuers;
- 5% for Banks and Savings & Loan issuers;
- 20% for U.S. Government Agency issuers;
- 25% for Individual Pool Accounts; and,
- 100% for U.S. Treasury Obligations

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Operating Portfolio - Concentration of Credit Risk 12/31/2022**

Huntington Bank	\$	15,185,212	8.8%
Flagstar Bank Savings		5,296,981	3.1%
Michigan CLASS LGIP		56,571,304	32.8%
Oakland County LGIP		7,721,169	4.5%
CD: Chief Financial Credit Union		5,000,000	2.9%
CD: Level One Bank		5,000,000	2.9%
CD: Horizon Bank		5,000,000	2.9%
CP: Natixis / A-1, P-1, F1		4,807,964	2.8%
CP: Credit Suisse NY / A-1, P-1		4,856,347	2.8%
CP: Barclays Capital / A-1, F1		4,813,000	2.8%
CP: Crown Point Capital / A-1, P-1		4,853,800	2.8%
CP: Toyota Motor Credit / A-1+, P-1, F		4,802,722	2.8%
CP: Mountcliff Financial / A-1, P-1		4,800,492	2.8%
UST: US Treasury Strip, AAA		4,620,300	2.7%
UST: US Treasury Bill, AAA		39,057,159	22.7%
		<u>\$ 172,386,450</u>	<u>100.0%</u>

The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts' adopted IPS states that no more than 5 percent of the assets of the Trusts' portfolios may be invested in any individual equity security and no more than 15 percent of the market value of the portfolio may be invested in countries not represented in the MSCI EAFE index plus Canada. Fixed income securities of a single issuer or issue, with the exception of U.S. Government and Agency securities, are limited to no more than 10 percent of the market value of the portfolio. In addition, no more than 20 percent of the market value of the fixed income portfolio may be invested in zero coupon bonds.

CMOs are limited to securities that are currently paying interest, receiving principal pay downs and do not contain leverage. The allocation to CMOs is limited to 10 percent of the market value of the manager's portfolio. For the purpose of this restriction, commercial mortgage backed securities are considered within the CMO category.

As of December 31, 2022, as reported by the mutual funds, no holdings exceed any of the Board's adopted IPS limits.

### **Foreign Currency Risk**

Foreign Currency Risk is the possibility that changes (up or down) in exchange rates will adversely affect the market value of an investment. Many factors can affect foreign currencies including: political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards and limited availability of information. These risks may be greater with respect to securities of companies located in emerging market countries. Investments in securities of issuers located in emerging market countries tend to be more volatile than investments in securities of issuers located in developed foreign countries.

The City's operating fund portfolio had no exposure to foreign currency risk at December 31, 2022.

The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts' IPS does place limitations on the Trusts' foreign currency exposure including: equities of foreign domiciled companies that are traded in the U.S. may be purchased so long as the securities are registered (or filed) with the Securities and Exchange Commission and traded on a recognized national exchange or over-the counter market; currency hedging is not permitted; at least three countries must be represented in the portfolio and investments in non-U.S. dollar denominated securities are not permitted. In addition, investments in American Depository Receipts (ADRs) will be designated as foreign securities for asset allocation purposes.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Note 4 - Participation with Community Foundation**

The City has entered into several agreements with the Community Foundation of the Greater Rochester Area (the "Foundation") to establish a fund for the primary purpose of park development, museum operations and preservation, memorial and honorary programs, cemetery preservation and beautification, stewardship of green space initiative and miscellaneous community programs. The funds were created with contributions from donors. In order to encourage contributions, the City solicited donations and conducted fundraisers. The funds reside with the Foundation and disbursements from the funds are made to the City for the above stated purposes, along with other charitable projects upon approval from the Foundation. At December 31, 2022, the funds contained approximately \$885,898 which includes both endowed and nonendowed funds. The funds are recorded in the records of the Foundation.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 5 - Capital Assets**

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

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 23,347,698	\$ 663,430	\$ -	\$ 24,011,128
Right of way	50,037,700	-	7,800	50,029,900
Total capital assets not being depreciated	<u>73,385,398</u>	<u>663,430</u>	<u>7,800</u>	<u>74,041,028</u>
Capital assets being depreciated				
Roads	218,014,109	15,634,954	-	233,649,063
Drain flowage rights	31,196,106	-	-	31,196,106
Land improvements	38,295,751	4,309,938	-	42,605,689
Buildings and building improvements	47,036,139	3,025,514	-	50,061,653
Vehicles	17,495,711	1,068,851	1,137,192	17,427,370
Office furniture	4,575,497	37,224	7,961	4,604,760
Other tools and equipment	9,572,568	515,334	155,570	9,932,332
Total capital assets being depreciated	<u>366,185,881</u>	<u>24,591,815</u>	<u>1,300,723</u>	<u>389,476,973</u>
Less accumulated depreciation for				
Roads	123,974,668	8,182,349	-	132,157,017
Drain flowage rights	21,717,963	678,066	-	22,396,029
Land improvements	21,974,002	1,832,183	-	23,806,185
Buildings and building improvements	24,014,441	1,571,963	-	25,586,404
Vehicles	9,216,395	1,409,588	1,127,157	9,498,826
Office furniture	3,976,154	291,992	7,960	4,260,186
Other tools and equipment	5,943,043	634,253	141,578	6,435,718
Total accumulated depreciation	<u>210,816,666</u>	<u>14,600,394</u>	<u>1,276,695</u>	<u>224,140,365</u>
Net capital assets being depreciated	<u>155,369,215</u>	<u>9,991,421</u>	<u>24,028</u>	<u>165,336,608</u>
Governmental activities capital assets, net	<u>\$ 228,754,613</u>	<u>\$ 10,654,851</u>	<u>\$ 31,828</u>	<u>\$ 239,377,636</u>

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 116,908	\$ -	\$ -	\$ 116,908
Construction-in-progress	1,946	4,112,440	-	4,114,386
Total capital assets not being depreciated	<u>118,854</u>	<u>4,112,440</u>	<u>-</u>	<u>4,231,294</u>
Capital assets being depreciated				
Water and sewer distribution systems	215,160,846	9,198,951	64,932	224,294,865
Land improvements	437,402	5,000	-	442,402
Buildings and building improvements	18,635,372	-	5,000	18,630,372
Office furniture	513,304	-	-	513,304
Other tools and equipment	8,512,841	-	4,026	8,508,815
Total capital assets being depreciated	<u>243,259,765</u>	<u>9,203,951</u>	<u>73,958</u>	<u>252,389,758</u>
Less accumulated depreciation for				
Water and sewer distribution systems	104,030,967	4,375,070	-	108,406,037
Land improvements	211,130	10,138	-	221,268
Buildings and building improvements	4,619,812	402,558	-	5,022,370
Office furniture	447,767	48,719	-	496,486
Other tools and equipment	8,178,804	40,317	4,026	8,215,095
Total accumulated depreciation	<u>117,488,480</u>	<u>4,876,802</u>	<u>4,026</u>	<u>122,361,256</u>
Net capital assets being depreciated	<u>125,771,285</u>	<u>4,327,149</u>	<u>69,932</u>	<u>130,028,502</u>
Business-type capital assets, net	<u>\$ 125,890,139</u>	<u>\$ 8,439,589</u>	<u>\$ 69,932</u>	<u>\$ 134,259,796</u>

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

Capital asset activity for the City of Rochester Hills' component units for the year was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Units - R.A.R.A.</b>				
Capital assets not being depreciated				
Land	\$ 415,060	\$ -	\$ 135,060	\$ 280,000
Capital assets being depreciated				
Buildings	2,117,177	-	950,675	1,166,502
Building improvements	1,432,587	748,016	-	2,180,603
Land improvements	54,090	3,425	-	57,515
Machinery and equipment	393,062	-	-	393,062
Office equipment and furniture	103,381	7,920	-	111,301
Total capital assets being depreciated	4,100,297	759,361	950,675	3,908,983
Less accumulated depreciation	1,823,075	243,705	237,669	1,829,111
Net capital assets being depreciated	2,277,222	515,656	713,006	2,079,872
R.A.R.A. capital assets, net	<u>\$ 2,692,282</u>	<u>\$ 515,656</u>	<u>\$ 848,066</u>	<u>\$ 2,359,872</u>
	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Units - Older Persons' Commission</b>				
Capital assets not being depreciated				
Land	\$ 3,090,244	\$ -	\$ -	\$ 3,090,244
Capital assets being depreciated				
Buildings and improvements	14,339,417	205,404	-	14,544,821
Machinery and equipment	862,548	75,332	168,162	769,718
Vehicles	871,732	-	-	871,732
Land improvements	1,057,248	-	-	1,057,248
Total capital assets being depreciated	17,130,945	280,736	168,162	17,243,519
Less accumulated depreciation	7,276,039	406,762	168,162	7,514,639
Net capital assets being depreciated	9,854,906	(126,026)	-	9,728,880
Older Persons' Commission capital assets, net	<u>\$ 12,945,150</u>	<u>\$ (126,026)</u>	<u>\$ -</u>	<u>\$ 12,819,124</u>

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

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

<b>Governmental activities</b>	
General government	\$ 74,745
Public service	9,305,357
Public safety	944,216
Recreation and culture	6,604
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>4,269,472</u>
Total governmental activities	<u>14,600,394</u>
<b>Business-type activities</b>	
Sewer	3,085,352
Water	<u>1,791,450</u>
Total business-type activities	<u>4,876,802</u>
Total primary government	19,477,196
<b>R.A.R.A</b>	243,705
<b>Older Persons' Commission</b>	<u>406,762</u>
Total	<u>\$ 20,127,663</u>

Construction Commitments - The City has active projects at year-end. The projects include various road infrastructure improvements, water and sewer projects, drain and pathway improvements, and facility improvements. At year-end, the City's commitments are as follows:

	<u>Total Contract Amount</u>	<u>Remaining Commitment</u>
Road improvements	\$ 17,899,323	\$ 1,672,673
Fire department	525,000	31,855
Facility improvements	9,648,557	3,249,041
Fleet	297,000	35,165
Water and sewer infrastructure	<u>9,791,248</u>	<u>1,581,076</u>
Total	<u>\$ 38,161,128</u>	<u>\$ 6,569,810</u>

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Note 6 - Leases Receivable**

The City has entered into several agreements as a lessor.

The City entered into a golf course premise lease agreement on June 27, 1986 under which the lessee provided for the construction of the golf course on City property, and ongoing maintenance and operations of said golf course. The current lease agreement is the seventh amendment of the original agreement which will expire on December 19, 2025. The golf course pays a rent fee that is 10 percent of gross receipts with a minimum rent amount per year. For the year ended December 31, 2022, the minimum rent fee was \$130,000 and inflows of resources during the fiscal year were \$221,820, which included an additional fixed annual rent fee of \$8,000.

The City entered into a premise lease agreement under which the lessee has obtained the right to use land, a building, and a parking lot. The lease agreement was entered into on July 1, 2021 and expires on June 20, 2026. Both the lessor and the lessee have the right to terminate the agreement in accordance with Michigan laws. The lease agreement specified fixed monthly payments to the City plus utilities. Monthly rent is currently \$1,500 and inflows of resources during the year ended December 31, 2022 were \$23,430.

The City entered into a ground lease agreement under which the lessee has obtained the right to use land and certain easements for access to public utilities. The lease agreement was extended on May 11, 2021 and expires on October 31, 2025. Both the lessor and the lessee have the right to terminate the agreement in accordance with Michigan laws. The lease agreement specified fixed monthly payments to the City. Monthly rent is currently \$3,000 and inflows of resources during the year ended December 31, 2022 were \$36,270.

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Internal Service Funds</b>	<b>Total</b>
Golf course lease	\$ 769,995	\$ -	\$ -	\$ 769,995
Ground lease	-	105,153	-	105,153
Premises lease	-	-	76,168	76,168
 Total	 \$ 769,995	 \$ 105,153	 \$ 76,168	 \$ 951,316

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Note 7 - Interfund Receivables, Payables, and Transfers**

As of year-end the City had no interfund receivables or payables.

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

<b>Funds Transferred From</b>	<b>Funds Transferred To</b>	<b>Amount</b>
General Fund	Major Road Fund	\$ 390,340
	Nonmajor governmental funds	9,512,860
	Internal service - Facilities Fund	<u>650,740</u>
	Total General Fund	<u>10,553,940</u>
Major Road Fund	Local Street Fund	<u>1,650,000</u>
Fire Fund	Nonmajor governmental funds	<u>2,083,070</u>
ARPA Fund	General Fund	<u>48,403</u>
Nonmajor governmental funds	Nonmajor governmental funds	749,940
	Internal service funds	<u>10,978,050</u>
	Total nonmajor governmental funds	<u>11,727,990</u>
		<u><u>\$ 26,063,403</u></u>

The transfers from the General Fund to the Major Road Fund and the Facilities Fund represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations. A transfer to the nonmajor governmental funds represents transfer to Capital Improvement Fund in the amount of \$9.5 million from unrestricted resources from the General Fund in accordance with the 2019 fund balance policy, and will be used to finance future capital improvements.

The transfer from the Fire Fund to Nonmajor governmental funds represents a transfer to the Fire Capital Fund was made in accordance with the 2019 fund balance policy. These funds will be used to purchase and replace fire apparatus.

The transfer from Nonmajor governmental funds to Nonmajor governmental funds and Internal Service Funds represents the use of assigned resources for City projects. The transfer from the Internal Service – Facilities Fund to Nonmajor governmental funds represent the amount to service debt.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 8 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds are obligations that are pledged by the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Long-term obligation activity can be summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and contracts payable									
Direct borrowings									
County Contractual Obligations									
Rewold Drain Refunding Bond	\$ 2,235,000	2025	2.00% - 2.25%	\$210,000 - \$225,000	\$ 855,000	\$ -	\$ 200,000	\$ 655,000	\$ 210,000
Add deferred amounts									
For issuance premiums					560	-	140	420	-
Total bonds and contracts payable					855,560	-	200,140	655,420	210,000
Other long-term obligations									
Compensated absences - governmental activities					1,927,893	1,613,297	1,731,169	1,810,021	1,652,657
Compensated absences - internal service funds					213,157	205,131	200,679	217,609	180,846
Total governmental activities					\$ 2,996,610	\$ 1,818,428	\$ 2,131,988	\$ 2,683,050	\$ 2,043,503
<b>Business-type activities</b>									
Bonds and contracts payable									
Direct borrowings									
County Contractual Obligations									
Oakland County Water and Sewage Disposal System Refunding Bonds Series 2012	\$ 1,975,000	2022	N/A	N/A	\$ 160,000	\$ -	\$ 160,000	\$ -	\$ -
Oakland-Macomb Interceptor Drain Drainage District-Drain Bonds Series 2010A	3,372,305	2031	2.5%	\$173,297- \$211,448	1,895,919	-	168,770	1,727,149	173,297
Oakland-Macomb Interceptor Drain Drainage District-Drain Bonds Series 2011	4,053,689	2033	2.5%	\$198,477 - \$253,256	2,666,733	-	192,919	2,473,814	198,477
Oakland-Macomb Interceptor Drain Drainage District-Drain Bonds Series 2013	8,845,714	2032	2.5%	\$426,399 - \$530,280	6,139,311	-	418,249	5,721,062	426,399
Oakland-Macomb Interceptor Drain Drainage District-Drain Bonds Series 2014A	1,293,344	2034	2.0% - 3.125%	\$60,777 - \$84,911	918,838	-	58,994	859,844	60,777
Oakland-Macomb Interceptor Drain Drainage District-Refunding Bonds Series 2019	583,260	2030	1.85%	\$49,144 - \$64,664	501,785	-	47,204	454,581	49,144
Total direct borrowings					12,282,586	-	1,046,136	11,236,450	908,094
Add deferred amounts									
for issuance premiums					1,709	-	1,709	-	-
Total bonds and contracts payable					12,284,295	-	1,047,845	11,236,450	908,094
Compensated absences					379,990	352,405	388,768	343,627	327,775
Total business-type activities					\$ 12,664,285	\$ 352,405	\$ 1,436,613	\$ 11,580,077	\$ 1,235,869
<b>Component units</b>									
Direct borrowings									
Land Contract - Building	\$ 1,652,371	N/A	N/A	N/A	\$ 1,287,237	\$ -	\$ 1,287,237	\$ -	\$ -
Finance Purchase Agreement									
Fitness Equipment	353,114	2022	N/A	N/A	15,518	-	15,518	-	-
Compensated absences					70,223	11,715	-	81,938	66,370
Total component units					\$ 1,357,460	\$ 11,715	\$ 1,287,237	\$ 81,938	\$ 66,370

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

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

Year Ending December 31,	Governmental Activities		
	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 210,000	\$ 11,838	\$ 221,838
2024	220,000	7,400	227,400
2025	225,000	2,531	227,531
	\$ 655,000	\$ 21,769	\$ 676,769

Year Ending December 31,	Business-type Activities		
	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 908,094	\$ 249,727	\$ 1,157,821
2024	929,690	229,699	1,159,389
2025	950,857	209,202	1,160,059
2026	975,067	187,604	1,162,671
2027	997,704	165,452	1,163,156
2028-2032	5,004,263	481,174	5,485,437
2033-2037	1,470,775	45,348	1,516,123
	\$ 11,236,450	\$ 1,568,206	\$ 12,804,656

**Business-type activities** - The Oakland-Macomb Interceptor Drainage District (OMID) is a construction and rehabilitation project that began in 2010 and is projected to continue through 2024. The OMID Refunding Bond Series 2019 bonds were issued as Federally Taxable Recovery Zone Economic Development Bonds and are eligible to recover tax credit payments from the United States Treasury equal to 45 percent of the interest payable on the bonds.

OMID was also approved for \$42 million of loans in which \$16 million of the debt was federally forgiven and \$116 million will be loans from the Michigan State Revolving Fund (SRF) (OMID Series 2010A \$26 million, OMID Series 2011 \$25 million, OMID Series 2013 \$65 million, OMID Series 2014 \$20 million, and State of Michigan SAW \$10 million). No SRF draws were required for 2022.

**Advance Refunding**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust that would provide for all future debt payments on the old bonds. At December 31, 2022, the total considered defeased is \$1,105,701. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements.

**Future Revenues Pledged for Debt Payment**

County Contractual Obligations - Governmental Activities - The above contractual obligations to the County are the result of the County issuance of bonds on the City's behalf. The City has pledged to raise property taxes, to the extent permitted by law, if necessary, to fund the obligation to repay the County. Proceeds from the County bonds provided financing for the construction of drains and facilities. The remaining principal and interest to be

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

paid on the bonds is \$676,769. During the current year, net revenue generated by property tax millages was \$136,273 compared to the annual debt requirements of \$215,938 with the difference coming from fund balance.

County Contractual Obligations - Business-type Activities - The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the County for the above water and sewer obligations. Proceeds from the bonds provided financing for the extension of water and sewer mains and facilities. The bonds are payable from the net revenues of the water and sewer system. The remaining principal and interest to be paid on bonds totaled \$12,804,656. During the year, net operating revenues of the system were approximately \$959,769 compared to the annual debt requirements of \$1,317,597.

**Note 9 - Restricted Assets**

Restricted assets are comprised of the City's unspent portion of bond proceeds or advanced payments from the City that are held by Oakland County for the improvement of the water and sewer system in the amount of \$3,886,235. The County holds these monies to apply against future water and sewer system construction for the City. Oakland County has invested these monies and allocated interest earned as an increase to the amount due the City.

**Note 10 - 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 has purchased commercial insurance for medical claims and participates in the Michigan Municipal League risk pool program for workers' compensation claims and the Michigan Municipal Risk Management Authority risk pool for claims relating to general liability, motor vehicles, and comprehensive property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool 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 the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

The City estimates the liability for general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. These estimates are reported in the Insurance (Internal Service) Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2022	2021
Estimated liability - beginning of year	\$ 32,100	\$ 147,000
Estimated claims incurred, including changes in estimates	146,292	39,491
Claims payments	(74,911)	(154,391)
Estimated liability - end of year	\$ 103,481	\$ 32,100
Estimated liability for claims reported	\$ 42,000	\$ -
Estimated liability for claims reserve	46,481	17,100
Estimated liability for claims incurred but not reported	15,000	15,000
	\$ 103,481	\$ 32,100

**Note 11 - Defined Contribution Pension Plan**

The Rochester Hills Group Pension Plan, which is administered by the City, provides pension benefits for substantially all of its full-time employees, City Council members, and paid on-call firefighters through a defined contribution plan. As of year-end there were 249 active participants and 86 participants that were separated or retired, this totals to 335 participants in the pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees over 18 years of age are eligible to participate after a six-month probationary period. As established by the pension contract, the City contributes 12 percent and 15 percent of employees' gross earnings, certain employee groups have an employee pretax mandatory contribution of 3 percent, and any participant can make contributions to the pension plan, up to applicable Internal Revenue Code limits. In accordance with these requirements, the City contributed \$3,088,186 during the current year, employees' mandatory contributions were \$833,532 and employee voluntary contributions were \$40,403. There were no forfeitures that reduced the City's pension contributions and there were no employer's liability outstanding as of December 31, 2022. The City's contributions for each employee (plus interest allocated to each employee's account) are fully vested after five years of continuous service.

**Note 12 - Other Postemployment Benefits**

**Plan description:** The City provides retiree health care benefits to eligible retirees, retiree's spouse and qualified dependents through the City of Rochester Hills Retiree Health Benefit Program. Benefits are provided to all eligible retired employees by providing them with a funding source to assist with the reimbursement of health care benefits. The benefit program has two parts.

The first or primary component, the Retiree Health Savings Plan (RHS Plan), a defined contribution plan, is available to all eligible employees after they have completed six months of full-time service with the City. As of year-end there were 226 active participants and 153 participants that were separated or retired, this totals 379 participants in the primary component of the RHS Plan. This component allows retirees to receive reimbursement of eligible health care expenses.

The RHS Plan is a single employer defined contribution plan administered by the City through Transamerica Retirement Solutions. Benefits are provided to full-time non-union employees and employees covered through collective bargaining agreements. Benefits received under this plan are based on the accumulation of contributions and investment earnings to pay for health care expenses at retirement.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

The second component, the Supplemental Benefit Plan, is a flat fixed dollar amount based on the years of service as of March 12, 2001. This is a closed program and is only available to employees who met certain criteria at March 12, 2001. As of year-end there are 27 active participants and 72 participants that are separated or retired and eligible to receive the benefit.

The Supplemental Benefit Plan is a single employer defined benefit plan administered by the Retiree Health Care Benefit Trust Board as established and authorized through a Section 115 Trust Document. Investments for the Trust are managed through Transamerica Retirement Solutions.

**Benefits provided:** The monthly benefit is provided to eligible participants who had 10 years of service as of March 12, 2001. Benefits under this program are defined fixed flat dollar amount payments, based on years of service with a maximum period of 25 years, to be used to cover health care insurance premiums. The participant is reimbursed this fixed amount for their healthcare premiums they pay for. Administrative costs are paid through the employer and/employee contributions. Below is formula for the benefit provided:

<u>Years of Service</u>	<u>Fixed Amount</u>
10	\$ 75
11	91
12	108
13	127
14	147
15	169
16	192
17	217
18	243
19	271
20	300
21	331
22	363
23	397
24	432
25	469

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Plan Members:** As of the valuation date of January 1, 2022, plan membership consisted of the following:

Active plan members	27
Retirees receiving the benefit	<u>72</u>
	<u>99</u>

**Plan Administration:** The City of Rochester Hills, Michigan administers the Retiree Health Care Benefit Trust, a single-employer defined benefit other postemployment benefits (OPEB) plan that is used to provide a fixed dollar amount for a retiree to be reimbursed for health care premiums. Rochester Hills City Council (seven elected members) approved the plan by City ordinance.

**Contributions:** The City is responsible to fund the Retiree Health Care Benefit Trust. When the Trust was created the City contributed approximately \$2 million and historically made contributions per the actuarially determined contribution however the City has no obligation to make contributions in advance. The City made postemployment benefit payments to retiree plan members in the amount of \$181,405. The Actuarially Determined Contribution (ADC), as reported in the required supplementary information, includes both a normal cost component and also annual amortization of past service costs related to the unfunded actuarial accrued liability, in compliance with Public Act 202 of 2017.

**Investment Policy:** The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retiree Health Care Benefit Trust Board by a majority vote of its board members. The following was the Board's adopted asset allocation policy as of December 31, 2022:

Asset class	Minimum Allocation	Target Allocation	Maximum Allocation
Equities	60.0%	65.0%	69.0%
Fixed income	30.0%	35.0%	40.0%

Asset class	Long-term Expected Real Rate of Return
Municipal Bonds	3.72%

**Rate of Return:** For the year ended December 31, 2022, the annual rate of return on plan investments, net of investment expenses, was (16.13%).

**Net OPEB Liability:** The City has elected to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2022 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of December 31, 2022.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

The December 31, 2022 measurement date total OPEB liability was determined by an actuarial valuation performed as of January 1, 2023. The net OPEB liability is as follows:

Total OPEB liability	\$	2,088,505
Plan fiduciary net position		<u>1,974,462</u>
Net OPEB liability	\$	<u><u>114,043</u></u>

**OPEB Expense and Deferred Inflows of Resources Related to OPEB:** For the year ended December 31, 2022, the City recognized OPEB expense of \$133,784. The City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Total to Amortize</u>
Net difference between projected and actual earnings on plan investments	\$ 289,531	\$ 289,531

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

<u>Year ended December 31,</u>	
2023	\$ 29,267
2024	78,055
2025	82,551
2026	<u>99,658</u>
	<u>\$ 289,531</u>

**Actuarial Assumptions:** The total OPEB liability was determined by an actuarial valuation as of January 1, 2023. The valuation used the following actuarial assumptions:

Actuarial cost method	Entry age
Inflation	N/A
Salary increases	2.50%
Investment rate of return	5.00%
Healthcare cost trend rates	N/A
Mortality	PubG-2010 Improved Generationally using MP-2019 Improvement Rates, weighted per MERS Experience

**Discount Rate:** The discount rate used to measure the total employer OPEB liability was 5 percent. The projection of cash flows used to determine the discount rate assumed that Plan contributions would not be made at a rate equal to the actuarially determined contribution rates.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Changes in the Net OPEB Liability:**

**Changes in Net OPEB Liability**

**Total OPEB Liability**

Service cost	\$ 12,577
Interest	99,075
Changes of benefit terms	80,899
Differences between expected and actual experience	(5,477)
Benefit payments	<u>(181,405)</u>
Net change in total OPEB liability	5,669
Total OPEB liability - beginning	<u>2,082,836</u>
Total OPEB liability - ending (a)	<u>\$ 2,088,505</u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 75,110
Net investment income (loss)	(375,013)
Benefit payments	(181,405)
Administrative expense	(9,441)
Other	<u>(307)</u>
Net change in plan fiduciary net position	(491,056)
Plan fiduciary net position - beginning	<u>2,465,518</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,974,462</u>

Net OPEB liability (a-b) \$ 114,043

Plan fiduciary net position as a % of total OPEB liability 94.54%

**Projected Cash Flows:** Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:** The following shows the net OPEB liability, calculated using the discount rate of 5.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.0 percent) or 1 percent higher (6.0 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 236,241</u>	<u>\$ 114,043</u>	<u>\$ 2,849</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:** The healthcare costs trends are not applicable to the Plan. The City does not pay for retiree healthcare premiums, the City reimburses a retiree a fixed dollar amount for premiums that the retiree has paid.

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

**Note 13 - Tax Abatements**

The City granted reduced property tax revenue to Low Income Housing programs (PA 346 of 1966). Qualified low-income housing is exempt from property taxes but pay a fee in lieu of taxes based on a percentage of their rents. The amount of tax forgone was determined by subtracting the fee in lieu of taxes paid from the amount of tax that would have been calculated had PA 345 of 1966 not covered these properties.

The City granted reduced property tax revenue to Industrial Facilities Tax exemption (PA 198 of 1974). Industrial Facility Exemptions are intended to promote construction of new industrial facilities or to rehabilitate facilities. Under the new industrial facility exemption program the City's millage is reduced by 50 percent. Under the rehabilitation industrial facility exemption program the taxable value is frozen.

As of December 31, 2022, the City's property tax revenue were reduced by \$80,285 under these programs.

**Note 14 - Net Investment in Capital Assets**

The composition of net investment in capital assets as of December 31, 2021 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets			
Capital assets not being depreciated	\$ 74,041,028	\$ 4,231,294	\$ 3,370,244
Capital assets, net of accumulated depreciation	<u>165,336,608</u>	<u>130,028,502</u>	<u>11,808,752</u>
Total capital assets	<u>239,377,636</u>	<u>134,259,796</u>	<u>15,178,996</u>
Unspent bond proceeds	-	1,256,971	-
Related debt			
Retainage payable	(502,763)	(198,300)	
Notes from direct borrowings	(655,000)	(11,236,450)	-
Unamortized bond premiums	<u>(420)</u>	<u>-</u>	<u>-</u>
Total related debt	<u>(1,158,183)</u>	<u>(11,434,750)</u>	<u>-</u>
Net investment in capital assets	<u>\$ 238,219,453</u>	<u>\$ 124,082,017</u>	<u>\$ 15,178,996</u>

**Note 15 - Upcoming Accounting Pronouncements**

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending December 31, 2023.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable

**City of Rochester Hills**  
**Notes to the Financial Statements**  
**December 31, 2022**

---

information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending December 31, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending December 31, 2024.

The City is currently evaluating the effects that the above GASB statements will have on its financial reporting.

## Required Supplementary Information

---

**City of Rochester Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Taxes				
Property taxes	\$ 10,889,010	\$ 10,891,450	\$ 10,900,169	\$ 8,719
Licenses and permits	2,728,500	3,697,920	3,612,832	(85,088)
Federal grants	161,000	196,000	192,823	(3,177)
State-shared revenue	6,850,000	9,100,000	9,267,828	167,828
Charges for services	6,289,040	5,875,820	5,997,651	121,831
Fines and forfeitures	1,000	960	1,214	254
Investment earnings	47,790	435,000	513,068	78,068
Other revenue	89,500	275,030	225,488	(49,542)
Sale of capital assets	-	560	583	23
Transfers in	75,000	85,000	48,403	(36,597)
Total revenues	<u>27,130,840</u>	<u>30,557,740</u>	<u>30,760,059</u>	<u>202,319</u>
<b>Expenditures</b>				
General government				
City Council	225,520	221,520	190,253	(31,267)
City administration	5,426,990	5,211,670	4,971,750	(239,920)
Clerk	2,050,200	1,797,270	1,706,405	(90,865)
Assessing	1,317,040	1,100,320	1,048,974	(51,346)
Human resources	1,073,730	1,094,670	1,009,885	(84,785)
Public works				
Natural resources	1,151,910	1,098,610	1,016,857	(81,753)
Cemetery	398,110	368,380	347,482	(20,898)
Public safety				
Building	3,949,280	3,610,380	3,551,901	(58,479)
Crossing guard	63,690	67,690	63,181	(4,509)
Community and economic development				
Planning	1,217,740	1,151,410	1,003,321	(148,089)
Community development block grant	161,000	258,000	193,225	(64,775)
Recreation and culture				
Parks and recreation	3,363,880	3,597,500	3,522,422	(75,078)
Historic district commission	1,122,780	1,099,750	1,053,446	(46,304)
Transfers out	5,608,970	10,553,940	10,553,940	-
Total expenditures	<u>27,130,840</u>	<u>31,231,110</u>	<u>30,233,042</u>	<u>(998,068)</u>
Net change in fund balance	-	(673,370)	527,017	1,200,387
Fund balance - beginning of year	<u>20,728,844</u>	<u>20,728,844</u>	<u>20,728,844</u>	-
Fund balance - end of year	<u>\$ 20,728,844</u>	<u>\$ 20,055,474</u>	<u>\$ 21,255,861</u>	<u>\$ 1,200,387</u>

**City of Rochester Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Road Fund**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
State sources	\$ 6,009,000	\$ 6,715,000	\$ 6,779,484	\$ 64,484
Local contributions	2,300,000	2,667,000	1,970,000	(697,000)
Charges for services	273,500	373,450	394,798	21,348
Investment earnings	22,770	125,000	136,157	11,157
Other revenue	36,000	43,500	53,664	10,164
Transfers in	390,340	390,340	390,340	-
 Total revenues	 <u>9,031,610</u>	 <u>10,314,290</u>	 <u>9,724,443</u>	 <u>(589,847)</u>
<b>Expenditures</b>				
Street maintenance	2,263,350	2,073,270	1,771,180	(302,090)
Capital outlay	9,255,950	11,766,220	10,693,781	(1,072,439)
Transfers out	1,475,000	1,650,000	1,650,000	-
 Total expenditures	 <u>12,994,300</u>	 <u>15,489,490</u>	 <u>14,114,961</u>	 <u>(1,374,529)</u>
 Net change in fund balance	 (3,962,690)	 (5,175,200)	 (4,390,518)	 784,682
 Fund balance - beginning of year	 <u>12,040,137</u>	 <u>12,040,137</u>	 <u>12,040,137</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 8,077,447</u>	 <u>\$ 6,864,937</u>	 <u>\$ 7,649,619</u>	 <u>\$ 784,682</u>

**City of Rochester Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Local Street Fund**  
**For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
<b>Revenues</b>				
Property taxes	\$ 4,254,140	\$ 4,275,060	\$ 4,278,261	\$ 3,201
Licenses and permits	40,000	50,000	55,432	5,432
Federal grants	-	-	20,000	20,000
State sources	2,292,000	2,568,500	2,554,011	(14,489)
Charges for services	239,860	115,360	119,910	4,550
Investment earnings	18,110	95,980	103,043	7,063
Refunds and other revenue	32,500	133,020	136,525	3,505
Sale of capital assets	-	330	330	-
Special assessments	35,360	69,020	71,240	2,220
Transfers in	<u>2,884,810</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u>
 Total revenues	 <u>9,796,780</u>	 <u>8,957,270</u>	 <u>8,988,752</u>	 <u>31,482</u>
<b>Expenditures</b>				
Street maintenance	4,733,970	4,562,810	4,048,375	(514,435)
Capital outlay	<u>5,455,550</u>	<u>5,510,160</u>	<u>4,432,603</u>	<u>(1,077,557)</u>
 Total expenditures	 <u>10,189,520</u>	 <u>10,072,970</u>	 <u>8,480,978</u>	 <u>(1,591,992)</u>
 Net change in fund balance	 (392,740)	 (1,115,700)	 507,774	 1,623,474
 Fund balance - beginning of year	 <u>5,196,672</u>	 <u>5,196,672</u>	 <u>5,196,672</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 4,803,932</u>	 <u>\$ 4,080,972</u>	 <u>\$ 5,704,446</u>	 <u>\$ 1,623,474</u>

**City of Rochest Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Fire Fund**  
**For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
<b>Revenues</b>				
Property taxes	\$ 10,654,690	\$ 10,556,200	\$ 10,564,063	\$ 7,863
Licenses and permits	6,000	4,140	4,140	-
Federal grants	298,000	325,000	377,643	52,643
State sources	-	-	800	800
Charges for services	2,268,500	2,285,360	2,569,668	284,308
Fines and forfeitures	3,000	5,430	5,860	430
Investment earnings	21,000	110,000	111,008	1,008
Refunds and other revenue	5,000	-	3	3
Sale of capital assets	500	-	-	-
	<u>13,256,690</u>	<u>13,286,130</u>	<u>13,633,185</u>	<u>347,055</u>
Total revenues				
<b>Expenditures</b>				
Public safety	12,628,200	11,640,390	11,690,379	49,989
Transfers out	542,920	2,083,070	2,083,070	-
	<u>13,171,120</u>	<u>13,723,460</u>	<u>13,773,449</u>	<u>49,989</u>
Total expenditures				
Net change in fund balance	85,570	(437,330)	(140,264)	297,066
Fund balance - beginning of year	<u>3,602,710</u>	<u>3,602,710</u>	<u>3,602,710</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,688,280</u>	<u>\$ 3,165,380</u>	<u>\$ 3,462,446</u>	<u>\$ 297,066</u>

**City of Rochester Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Police Protection Fund**  
**For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues</b>				
Property taxes	\$ 9,124,670	\$ 9,039,060	\$ 9,046,039	\$ 6,979
Federal grants	-	-	5,000	5,000
State sources	40,000	57,660	58,662	1,002
Other governmental sources	295,940	336,120	390,612	54,492
Charges for services	157,010	76,200	127,548	51,348
Fines and forfeitures	362,500	295,700	326,470	30,770
Investment earnings	21,280	120,000	123,574	3,574
<b>Total revenues</b>	<b>10,001,400</b>	<b>9,924,740</b>	<b>10,077,905</b>	<b>153,165</b>
<b>Expenditures</b>				
Public safety	<u>10,347,760</u>	<u>10,338,290</u>	<u>10,145,421</u>	<u>(192,869)</u>
Net change in fund balance	(346,360)	(413,550)	(67,516)	346,034
Fund balance - beginning of year	<u>3,889,200</u>	<u>3,889,200</u>	<u>3,889,200</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,542,840</u>	<u>\$ 3,475,650</u>	<u>\$ 3,821,684</u>	<u>\$ 346,034</u>

**City of Rochester Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**ARPA Fund**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Federal grants	\$ 3,097,490	\$ 85,000	\$ 48,403	\$ (36,597)
Investment earnings	-	90,000	100,593	10,593
Total revenues	3,097,490	175,000	148,996	(26,004)
<b>Expenditures</b>				
Transfers out	75,000	85,000	48,403	(36,597)
Net change in fund balance	3,022,490	90,000	100,593	10,593
Fund balance - beginning of year	480	480	480	-
Fund balance - end of year	<u>\$ 3,022,970</u>	<u>\$ 90,480</u>	<u>\$ 101,073</u>	<u>\$ 10,593</u>

**City of Rochester Hills**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios**  
**December 31, 2022**

Fiscal year ended December 31,	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service cost	\$ 12,577	\$ 11,978	\$ 2,303	\$ 3,804	\$ 3,262	\$ 3,349
Interest	99,075	103,241	110,608	108,711	117,707	102,677
Changes of benefit terms	80,899	-	-	-	-	-
Differences between expected and actual experience	(5,477)	(35,487)	(112,574)	(64,894)	-	10,148
Changes in assumptions	-	-	(9,462)	(56,647)	349,701	-
Benefit payments	<u>(181,405)</u>	<u>(158,904)</u>	<u>(147,580)</u>	<u>(135,994)</u>	<u>(131,552)</u>	<u>(136,717)</u>
Net change in total OPEB liability	5,669	(79,172)	(156,705)	(145,020)	339,118	(20,543)
Total OPEB liability - beginning	<u>2,082,836</u>	<u>2,162,008</u>	<u>2,318,713</u>	<u>2,463,733</u>	<u>2,124,615</u>	<u>2,145,158</u>
Total OPEB liability - ending (a)	<u>\$ 2,088,505</u>	<u>\$ 2,082,836</u>	<u>\$ 2,162,008</u>	<u>\$ 2,318,713</u>	<u>\$ 2,463,733</u>	<u>\$ 2,124,615</u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 75,110	\$ 218,130	\$ 75,110	\$ 75,110	\$ -	\$ -
Net investment income (loss)	(375,013)	197,896	129,620	338,189	(88,657)	278,839
Benefit payments and refunds	(181,405)	(158,904)	(147,580)	(135,994)	(131,552)	(136,717)
Administrative expense	(9,441)	(18,618)	(17,827)	(21,987)	(25,235)	-
Other	<u>(307)</u>	<u>(308)</u>	<u>-</u>	<u>12,008</u>	<u>10</u>	<u>-</u>
Net change in plan fiduciary net position	(491,056)	238,196	39,323	267,326	(245,434)	142,122
Plan fiduciary net position - beginning	<u>2,465,518</u>	<u>2,227,014</u>	<u>2,187,691</u>	<u>1,920,365</u>	<u>2,165,799</u>	<u>2,023,677</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,974,462</u>	<u>\$ 2,465,210</u>	<u>\$ 2,227,014</u>	<u>\$ 2,187,691</u>	<u>\$ 1,920,365</u>	<u>\$ 2,165,799</u>
Net OPEB liability (asset) (a-b)	<u>\$ 114,043</u>	<u>\$ (382,374)</u>	<u>\$ (65,006)</u>	<u>\$ 131,022</u>	<u>\$ 543,368</u>	<u>\$ (41,184)</u>
Plan fiduciary net position as a percentage of total OPEB liability	94.54%	118.36%	103.01%	94.35%	77.95%	101.94%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Note: GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017 and GASB Statement No. 75 was implemented for the fiscal year ended December 31, 2018. Retroactive implementation is not required. Contributions are not based on a measure of payroll, therefore per GASB Statement No. 85, covered payroll is not presented.

Data will be added as information is available until 10 years of such data is available.

**City of Rochester Hills**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Employer Contributions**  
**December 31, 2022**

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll*
2017	\$ 14,522	\$ -	\$ 14,522	N/A	N/A
2018	14,522	-	14,522	N/A	N/A
2019	69,906	75,110	(5,204)	N/A	N/A
2020	68,217	75,110	(6,893)	N/A	N/A
2021	55,124	218,130	(163,006)	N/A	N/A
2022	65,057	75,110	(10,053)	N/A	N/A

**Notes to Schedule of Contributions**

Valuation date: January 1, 2021

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Amortization method	Level dollars, closed
Remaining amortization period	15 years closed
Asset valuation method	5 year smoothed market value
Healthcare cost trend rates*	Not applicable
Salary increases	Not applicable
Investment rate of return	5 percent, net of plan investment expenses
Mortality	Municipal Employees' Retirement System Experience Study Report

Note: The City does not provide healthcare coverage, retirees have to purchase their own and the City reimburses retirees a fixed dollar amount. Contributions are not based on a measure of payroll, therefore per GASB Statement No. 85, covered payroll is not presented.

**City of Rochester Hills**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Investment Returns**  
**December 31, 2022**

---

Fiscal Year Ended December 31,	Annual Return % *
2017	14.55%
2018	-4.46%
2019	18.42%
2020	12.87%
2021	8.84%
2022	-16.13%

\*Annual money-weighted rate of return, net of investment expenses

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017. Retroactive implementation is not required.

Data will be added as information is available until 10 years of such data is available.

**City of Rochester Hills**  
**Notes to the Required Supplementary Information**  
**December 31, 2022**

---

**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 except that transfers and debt proceeds have been included in the “revenue” and “expenditures” categories, rather than as “other financing sources(uses).” All annual appropriations lapse at fiscal year end. During the year, the budget was amended in a legally permissible manner.

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

1. On or before the first Monday in July, each department director submits to the mayor a proposed operating budget for the next fiscal year.
2. The mayor prepares a comprehensive budget, which is presented to the City Council at their first meeting in August.
3. Public hearings are conducted to obtain residents’ comments.
4. Prior to November 1, the budget is legally adopted by the City Council.
5. Supplemental appropriations to the City’s budget require the approval of the City Council.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is at the fund level.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Expenditures in Excess of Appropriations**

The City incurred the following expenditures in excess of appropriations:

	<u>Appropriations</u>		<u>Actual</u>		<u>Budget Variance</u>
Fire Fund	\$ 13,723,460	\$	13,773,449	\$	49,989
Older Persons' Millage Fund	1,633,980		1,634,584		604

## Other Supplementary Information

---

**City of Rochester Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2022**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,121,879	\$ 277,063	\$ 6,725,295	\$ 69,803	\$ 9,194,040
Investments	735,628	-	26,499,237	8,240,229	35,475,094
Receivables					
Property taxes	2,977,070	105,752	-	-	3,082,822
Accounts	-	-	30,766	-	30,766
Accrued interest and other	5,305	-	215,951	-	221,256
Prepaid items and other assets	123,648	-	-	-	123,648
	<u>\$ 5,963,530</u>	<u>\$ 382,815</u>	<u>\$ 33,471,249</u>	<u>\$ 8,310,032</u>	<u>\$ 48,127,626</u>
<b>Liabilities</b>					
Accounts payable	\$ 52,380	\$ -	\$ 157,835	\$ 4	\$ 210,219
Accrued wages	12,636	-	-	-	12,636
Retainages payable	12,724	-	-	-	12,724
Accrued and other liabilities	87	17	-	-	104
	<u>77,827</u>	<u>17</u>	<u>157,835</u>	<u>4</u>	<u>235,683</u>
<b>Deferred inflows of resources</b>					
Property taxes levied for subsequent year's budget	3,803,735	136,273	-	-	3,940,008
<b>Fund balances</b>					
Non-spendable					
Prepaid items	123,648	-	-	-	123,648
Permanent fund principal	-	-	-	7,146,944	7,146,944
Restricted for					
Park Facilities	13,745	-	-	-	13,745
Pathway operation and maintenance	107,070	-	-	-	107,070
Tree conservation and maintenance	1,105,760	-	-	-	1,105,760
Green space preservation	140,394	-	-	-	140,394
Debt service	-	246,525	-	-	246,525
Fire vehicles and equipment	-	-	14,886,439	-	14,886,439
Pathway construction	-	-	18,426,975	-	18,426,975
Trusts	-	-	-	1,163,084	1,163,084
Committed					
Public improvement	591,351	-	-	-	591,351
	<u>2,081,968</u>	<u>246,525</u>	<u>33,313,414</u>	<u>8,310,028</u>	<u>43,951,935</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 5,963,530</u>	<u>\$ 382,815</u>	<u>\$ 33,471,249</u>	<u>\$ 8,310,032</u>	<u>\$ 48,127,626</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Combining Statement fo Revenues, Expenditures and changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2022**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 3,707,707	\$ 144,066	\$ -	\$ -	\$ 3,851,773
Licenses and permits	255	-	-	-	255
Charges for services	158,887	-	153	128,585	287,625
Investment earnings (loss)	35,365	3,677	452,175	(1,600,781)	(1,109,564)
Refunds and other revenue	13,893	-	30,830	-	44,723
	<u>3,916,107</u>	<u>147,743</u>	<u>483,158</u>	<u>(1,472,196)</u>	<u>3,074,812</u>
<b>Expenditures</b>					
Current					
Public works	1,253,253	-	-	3,853	1,257,106
Recreation and culture	2,635,486	-	-	10,263	2,645,749
Miscellaneous	-	8	609,969	-	609,977
Capital outlay	205,103	-	678,168	-	883,271
Debt service					
Principal retirement	-	200,000	-	-	200,000
Interest and fiscal charges	-	16,188	-	-	16,188
	<u>4,093,842</u>	<u>216,196</u>	<u>1,288,137</u>	<u>14,116</u>	<u>5,612,291</u>
Excess (deficiency) of revenues over expenditures	<u>(177,735)</u>	<u>(68,453)</u>	<u>(804,979)</u>	<u>(1,486,312)</u>	<u>(2,537,479)</u>
<b>Other financing sources (uses)</b>					
Transfers in	310,000	-	12,035,870	-	12,345,870
Transfers out	(1,069,940)	-	(10,348,050)	(310,000)	(11,727,990)
Sale of capital assets	1	-	11,645	-	11,646
	<u>(759,939)</u>	<u>-</u>	<u>1,699,465</u>	<u>(310,000)</u>	<u>629,526</u>
Net change in fund balances	(937,674)	(68,453)	894,486	(1,796,312)	(1,907,953)
Fund balances - beginning of year	<u>3,019,642</u>	<u>314,978</u>	<u>32,418,928</u>	<u>10,106,340</u>	<u>45,859,888</u>
Fund balances - end of year	<u>\$ 2,081,968</u>	<u>\$ 246,525</u>	<u>\$ 33,313,414</u>	<u>\$ 8,310,028</u>	<u>\$ 43,951,935</u>



innovative *by* nature

## **Nonmajor Governmental Funds**

---

### **Nonmajor Special Revenue Funds**

Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes or to the acquisition of equipment, land, or other relatively minor or comparatively short-lived assets.

**Parks Facilities Fund** – This fund accounts for the special millage used primarily to maintain park facilities.

**R.A.R.A. Millage Fund** – This fund accounts for the special millage for Rochester-Avon Recreation Authority (R.A.R.A.) activities.

**Pathway Fund** – This fund accounts for the special millage used primarily to maintain pathways.

**Tree Fund** – This fund accounts for monies collected per the Tree Conservation Ordinance adopted by City Council. The monies can only be used for operation and maintaining trees on city property and street right-of-way and preserving wooded areas.

**Public Improvement Fund** – This fund accounts for storm water / drainage improvements.

**Older Persons' Millage Fund** – This fund accounts for the special millage for the Older Persons' Commission activities.

**Green Space Preservation Fund** – This fund accounts for the special millage to permanently preserve natural green spaces and wildlife habitats, and protect woodlands, wetland, rivers, and streams.

### **Nonmajor Debt Service Funds**

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Drain Fund** – This fund accounts for payment of debt created for drain construction and maintenance. Revenue is generated from tax levies and expenditures are made for principal and interest.

### **Nonmajor Capital Projects Funds**

Capital Projects Funds account for the purchase and replacement of major equipment, improvements, and the construction of major capital replacements that are not financed by proprietary funds.

**Capital Improvement Fund** – This fund accounts for capital purchases and construction by the City. Revenue is transferred from other City funds and expenditures in this fund are for capital purchases, construction or development.

**Fire Capital Fund** – This fund accounts for monies received from the Special Revenue Fire Fund and is used for the purchase and replacement of major fire department capital items.

**Pathway Construction Fund** – This fund accounts for monies received from the Special Revenue Pathway Fund and private development to support major rehabilitation and construction of pedestrian pathway systems.

### **Permanent Funds**

Permanent Funds are used to account for the resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes the of the government's specific activity.

**Cemetery Trust Fund** – This fund accounts for monies collected from sale of cemetery lots and spaces and interest earned to be used to manage and preserve in perpetuity assets for the purpose of providing for general care, maintenance and improvements of the Cemetery.

**Green Space Trust Fund** – This fund accounts for the general care, maintenance, protection of, and to improve pedestrian accessibility to and within the green spaces properties owned, acquired or controlled by the City.



innovative *by* nature

**City of Rochester Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2022**

	Special Revenue Funds				
	Park Facilities Fund	R.A.R.A Millage Fund	Pathway Fund	Tree Fund	Public Improvement Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 160,061	\$ 162,594	\$ 280,517	\$ 378,070	\$ 599,687
Investments	-	-	-	735,628	-
Receivables					
Property taxes	526,570	585,573	557,720	-	-
Accounts	-	-	-	-	-
Accrued interest and other	-	-	-	4,786	-
Prepaid items and other assets	-	-	355	-	123,213
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 686,631</u>	<u>\$ 748,167</u>	<u>\$ 838,592</u>	<u>\$ 1,118,484</u>	<u>\$ 722,900</u>
<b>Liabilities</b>					
Accounts payable	\$ 82	\$ -	\$ 15,287	\$ -	\$ 365
Accrued wages	-	-	3,214	-	7,971
Retainages payable	-	-	-	12,724	-
Accrued and other liabilities	-	-	87	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>82</u>	<u>-</u>	<u>18,588</u>	<u>12,724</u>	<u>8,336</u>
<b>Deferred inflows of resources</b>					
Property taxes levied for subsequent year's budget	<u>672,804</u>	<u>748,167</u>	<u>712,579</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Non-spendable					
Prepaid items	-	-	355	-	123,213
Permanent fund principal	-	-	-	-	-
Restricted for					
Park facilities	13,745	-	-	-	-
Pathway operation and maintenance	-	-	107,070	-	-
Tree conservation and maintenance	-	-	-	1,105,760	-
Green space preservation	-	-	-	-	-
Debt service	-	-	-	-	-
Fire vehicles and equipment	-	-	-	-	-
Pathway construction	-	-	-	-	-
Trusts	-	-	-	-	-
Committed					
Public improvements	-	-	-	-	591,351
Assigned					
Capital projects	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>13,745</u>	<u>-</u>	<u>107,425</u>	<u>1,105,760</u>	<u>714,564</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 686,631</u>	<u>\$ 748,167</u>	<u>\$ 838,592</u>	<u>\$ 1,118,484</u>	<u>\$ 722,900</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Permanent Funds		Total Nonmajor Governmental Funds
Older Persons' Millage Fund	Green Space Preservation Fund	Drain Fund	Fire Capital Fund	Pathway Construction Fund	Capital Improvement Fund	Cemetery Trust Fund	Green Space Preservation Trust Fund	
\$ 362,978	\$ 177,972	\$ 277,063	\$ 2,737,878	\$ 1,370,173	\$ 2,617,244	\$ 69,803	\$ -	\$ 9,194,040
-	-	-	12,173,847	734,094	13,591,296	2,275,162	5,965,067	35,475,094
1,307,207	-	105,752	-	-	-	-	-	3,082,822
-	-	-	30,766	-	-	-	-	30,766
-	-	-	101,663	8,767	105,521	-	-	220,737
-	80	-	-	-	-	-	-	123,648
<u>\$ 1,670,185</u>	<u>\$ 178,052</u>	<u>\$ 382,815</u>	<u>\$ 15,044,154</u>	<u>\$ 2,113,034</u>	<u>\$ 16,314,061</u>	<u>\$ 2,344,965</u>	<u>\$ 5,965,067</u>	<u>\$ 48,127,107</u>
\$ -	\$ 36,127	\$ -	\$ 157,715	\$ 120	\$ -	\$ 4	\$ -	\$ 209,700
-	1,451	-	-	-	-	-	-	12,636
-	-	-	-	-	-	-	-	12,724
-	-	17	-	-	-	-	-	104
-	37,578	17	157,715	120	-	4	-	235,164
<u>1,670,185</u>	<u>-</u>	<u>136,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,940,008</u>
-	80	-	-	-	-	-	-	123,648
-	-	-	-	-	-	1,446,944	5,700,000	7,146,944
-	-	-	-	-	-	-	-	13,745
-	-	-	-	-	-	-	-	107,070
-	-	-	-	-	-	-	-	1,105,760
-	140,394	-	-	-	-	-	-	140,394
-	-	246,525	-	-	-	-	-	246,525
-	-	-	14,886,439	-	-	-	-	14,886,439
-	-	-	-	2,112,914	-	-	-	2,112,914
-	-	-	-	-	-	898,017	265,067	1,163,084
-	-	-	-	-	-	-	-	591,351
-	-	-	-	-	16,314,061	-	-	16,314,061
-	140,474	246,525	14,886,439	2,112,914	16,314,061	2,344,961	5,965,067	43,951,935
<u>\$ 1,670,185</u>	<u>\$ 178,052</u>	<u>\$ 382,815</u>	<u>\$ 15,044,154</u>	<u>\$ 2,113,034</u>	<u>\$ 16,314,061</u>	<u>\$ 2,344,965</u>	<u>\$ 5,965,067</u>	<u>\$ 48,127,107</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2022**

	Special Revenue Funds				
	Park Facilities Fund	R.A.R.A Millage Fund	Pathway Fund	Tree Fund	Public Improvement Fund
<b>Revenues</b>					
Property taxes	\$ 643,144	\$ 732,448	\$ 697,531	\$ -	\$ -
Charges for services	-	-	11,845	-	147,042
Investment earnings (loss)	740	-	5,713	14,593	10,869
Refunds and other revenue	-	-	-	3,548	10,266
<b>Total revenues</b>	<u>643,884</u>	<u>732,448</u>	<u>715,089</u>	<u>18,141</u>	<u>168,432</u>
<b>Expenditures</b>					
<b>Current</b>					
Public works	-	-	314,060	129,299	809,894
Recreation and culture	56	732,448	-	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Debt service</b>					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>56</u>	<u>732,448</u>	<u>314,060</u>	<u>129,299</u>	<u>809,894</u>
Excess (deficiency) of revenues over expenditures	<u>643,828</u>	<u>-</u>	<u>401,029</u>	<u>(111,158)</u>	<u>(641,462)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	(630,000)	-	(439,940)	-	-
Sale of capital assets	-	-	-	-	1
<b>Total other financing sources and uses</b>	<u>(630,000)</u>	<u>-</u>	<u>(439,940)</u>	<u>-</u>	<u>1</u>
<b>Net change in fund balances</b>	13,828	-	(38,911)	(111,158)	(641,461)
Fund balances (deficit) - beginning of year	<u>(83)</u>	<u>-</u>	<u>146,336</u>	<u>1,216,918</u>	<u>1,356,025</u>
Fund balances - end of year	<u>\$ 13,745</u>	<u>\$ -</u>	<u>\$ 107,425</u>	<u>\$ 1,105,760</u>	<u>\$ 714,564</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Permanent Funds		Total Nonmajor Governmental Funds
Older Persons' Millage Fund	Green Space Preservation Fund	Drain Fund	Fire Capital Fund	Pathway Construction Fund	Capital Improvements Fund	Cemetery Trust Fund	Green Space Preservation Trust Fund	
\$ 1,634,584	\$ -	\$ 144,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,851,773
-	-	-	-	153	-	128,585	-	287,625
-	3,450	3,677	201,140	36,230	214,805	(431,581)	(1,169,200)	(1,109,564)
-	79	-	30,830	-	-	-	-	44,723
<u>1,634,584</u>	<u>3,529</u>	<u>147,743</u>	<u>231,970</u>	<u>36,383</u>	<u>214,805</u>	<u>(302,996)</u>	<u>(1,169,200)</u>	<u>3,074,812</u>
-	-	-	-	-	-	3,853	-	1,257,106
1,634,584	268,398	-	-	-	-	-	10,263	2,645,749
-	-	8	601,064	-	8,905	-	-	609,977
-	205,103	-	196,178	444,766	37,224	-	-	883,271
-	-	200,000	-	-	-	-	-	200,000
-	-	16,188	-	-	-	-	-	16,188
<u>1,634,584</u>	<u>473,501</u>	<u>216,196</u>	<u>797,242</u>	<u>444,766</u>	<u>46,129</u>	<u>3,853</u>	<u>10,263</u>	<u>5,612,291</u>
-	(469,972)	(68,453)	(565,272)	(408,383)	168,676	(306,849)	(1,179,463)	(2,537,479)
-	310,000	-	2,083,070	439,940	9,512,860	-	-	12,345,870
-	-	-	(99,420)	-	(10,248,630)	-	(310,000)	(11,727,990)
-	-	-	11,639	6	-	-	-	11,646
-	310,000	-	1,995,289	439,946	(735,770)	-	(310,000)	629,526
-	(159,972)	(68,453)	1,430,017	31,563	(567,094)	(306,849)	(1,489,463)	(1,907,953)
-	300,446	314,978	13,456,422	2,081,351	16,881,155	2,651,810	7,454,530	45,859,888
<u>\$ -</u>	<u>\$ 140,474</u>	<u>\$ 246,525</u>	<u>\$ 14,886,439</u>	<u>\$ 2,112,914</u>	<u>\$ 16,314,061</u>	<u>\$ 2,344,961</u>	<u>\$ 5,965,067</u>	<u>\$ 43,951,935</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Park Facilities Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Property taxes	\$ 642,880	\$ 643,144	\$ 264
Investment earnings	500	740	240
Total revenues	<u>643,380</u>	<u>643,884</u>	<u>504</u>
<b>Expenditures</b>			
Recreation and culture	100	56	(44)
Transfers out	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Total expenditures	<u>630,100</u>	<u>630,056</u>	<u>(44)</u>
Net change in fund balance	13,280	13,828	548
Fund balance (deficit) - beginning of year	<u>(83)</u>	<u>(83)</u>	<u>-</u>
Fund balance - end of year	<u>\$ 13,197</u>	<u>\$ 13,745</u>	<u>\$ 548</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**R.A.R.A. Millage Fund**  
**For the Year Ended December 31, 2022**

---

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Property taxes	\$ 732,640	\$ 732,448	\$ (192)
<b>Expenditures</b>			
Recreation and culture	732,640	732,448	(192)
Net change in fund balance	-	-	-
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Pathway Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Property taxes	\$ 696,990	\$ 697,531	\$ 541
Charges for services	10,250	11,845	1,595
Investment earnings	6,500	5,713	(787)
Total revenues	<u>713,740</u>	<u>715,089</u>	<u>1,349</u>
<b>Expenditures</b>			
Public works	336,110	314,060	(22,050)
Transfers out	439,940	439,940	-
Total expenditures	<u>776,050</u>	<u>754,000</u>	<u>(22,050)</u>
Net change in fund balance	(62,310)	(38,911)	23,399
Fund balance - beginning of year	<u>146,336</u>	<u>146,336</u>	<u>-</u>
Fund balance - end of year	<u>\$ 84,026</u>	<u>\$ 107,425</u>	<u>\$ 23,399</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Tree Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Charges for services	\$ 22,500	\$ -	\$ (22,500)
Investment earnings	11,500	14,593	3,093
Refunds and other revenue	<u>3,500</u>	<u>3,548</u>	<u>48</u>
Total revenues	37,500	18,141	(19,359)
<b>Expenditures</b>			
Public works	<u>164,000</u>	<u>129,299</u>	<u>(34,701)</u>
Net change in fund balance	(126,500)	(111,158)	15,342
Fund balance - beginning of year	<u>1,216,918</u>	<u>1,216,918</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,090,418</u>	<u>\$ 1,105,760</u>	<u>\$ 15,342</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Public Improvement Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Licenses and permits	\$ 250	\$ 255	\$ 5
Charges for services	139,000	147,042	8,042
Investment earnings	7,000	10,869	3,869
Refunds and other revenue	10,260	10,266	6
Sale of capital assets	-	1	1
	<u>156,510</u>	<u>168,433</u>	<u>11,923</u>
<b>Expenditures</b>			
Public works	<u>894,530</u>	<u>809,894</u>	<u>(84,636)</u>
Net change in fund balance	(738,020)	(641,461)	96,559
Fund balance - beginning of year	<u>1,356,025</u>	<u>1,356,025</u>	<u>-</u>
Fund balance - end of year	<u>\$ 618,005</u>	<u>\$ 714,564</u>	<u>\$ 96,559</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Older Person's Millage Fund**  
**For the Year Ended December 31, 2022**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Property taxes	\$ 1,633,980	\$ 1,634,584	\$ 604
<b>Expenditures</b>			
Recreation and culture	<u>1,633,980</u>	<u>1,634,584</u>	<u>604</u>
Net change in fund balance	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Green Space Preservation Fund**  
**For the Year Ended December 31, 2022**

---

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Investment earnings	\$ 3,000	\$ 3,450	\$ 450
Refunds and other revenue	40	79	39
Transfers in	<u>321,350</u>	<u>310,000</u>	<u>(11,350)</u>
 Total revenues	 <u>324,390</u>	 <u>313,529</u>	 <u>(10,861)</u>
<b>Expenditures</b>			
Recreation and culture	340,070	268,398	(71,672)
Capital outlay	<u>206,000</u>	<u>205,103</u>	<u>(897)</u>
 Total expenditures	 <u>546,070</u>	 <u>473,501</u>	 <u>(72,569)</u>
 Net change in fund balance	 (221,680)	 (159,972)	 61,708
 Fund balance - beginning of year	 <u>300,446</u>	 <u>300,446</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 78,766</u>	 <u>\$ 140,474</u>	 <u>\$ 61,708</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Drain Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Property taxes	\$ 143,930	\$ 144,066	\$ 136
Investment earnings	<u>3,000</u>	<u>3,699</u>	<u>699</u>
Total revenues	<u>146,930</u>	<u>147,765</u>	<u>835</u>
<b>Expenditures</b>			
Miscellaneous	30	30	-
Debt service			
Principal retirement	200,000	200,000	-
Interest and fiscal charges	<u>16,190</u>	<u>16,188</u>	<u>(2)</u>
Total expenditures	<u>216,220</u>	<u>216,218</u>	<u>(2)</u>
Net change in fund balance	(69,290)	(68,453)	837
Fund balance - beginning of year	<u>314,978</u>	<u>314,978</u>	<u>-</u>
Fund balance - end of year	<u>\$ 245,688</u>	<u>\$ 246,525</u>	<u>\$ 837</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Fire Capital Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Investment earnings	\$ 150,000	\$ 201,140	\$ 51,140
Refunds and other revenue	40,790	30,830	(9,960)
Sale of capital assets	11,210	11,639	429
Transfers in	<u>2,083,070</u>	<u>2,083,070</u>	<u>-</u>
Total revenues	<u>2,285,070</u>	<u>2,326,679</u>	<u>41,609</u>
<b>Expenditures</b>			
Miscellaneous	604,560	601,064	(3,496)
Capital outlay	363,000	196,178	(166,822)
Transfers out	<u>99,420</u>	<u>99,420</u>	<u>-</u>
Total expenditures	<u>1,066,980</u>	<u>896,662</u>	<u>(170,318)</u>
Net change in fund balance	1,218,090	1,430,017	211,927
Fund balance - beginning of year	<u>13,456,422</u>	<u>13,456,422</u>	<u>-</u>
Fund balance - end of year	<u>\$ 14,674,512</u>	<u>\$ 14,886,439</u>	<u>\$ 211,927</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Pathway Construction Fund**  
**For the Year Ended December 31, 2022**

---

	<u>Final Budget</u>	<u>Actual</u>	Actual Over (Under) Final Budget
<b>Revenues</b>			
Charges for services	\$ 150	\$ 153	\$ 3
Investment earnings	30,000	36,230	6,230
Sale of capital assets	-	6	6
Transfers in	<u>439,940</u>	<u>439,940</u>	<u>-</u>
Total revenues	470,090	476,329	6,239
<b>Expenditures</b>			
Capital outlay	<u>754,450</u>	<u>444,766</u>	<u>(309,684)</u>
Net change in fund balance	(284,360)	31,563	315,923
Fund balance - beginning of year	<u>2,081,351</u>	<u>2,081,351</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,796,991</u>	<u>\$ 2,112,914</u>	<u>\$ 315,923</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Capital Improvement Fund**  
**For the Year Ended December 31, 2022**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Investment earnings	\$ 175,000	\$ 214,805	\$ 39,805
Transfers in	<u>9,512,860</u>	<u>9,512,860</u>	<u>-</u>
Total revenues	<u>9,687,860</u>	<u>9,727,665</u>	<u>39,805</u>
<b>Expenditures</b>			
Miscellaneous	10,000	8,905	(1,095)
Capital outlay	37,300	37,224	(76)
Transfers out	<u>10,248,630</u>	<u>10,248,630</u>	<u>-</u>
Total expenditures	<u>10,295,930</u>	<u>10,294,759</u>	<u>(1,171)</u>
Net change in fund balance	(608,070)	(567,094)	40,976
Fund balance - beginning of year	<u>16,881,155</u>	<u>16,881,155</u>	<u>-</u>
Fund balance - end of year	<u>\$ 16,273,085</u>	<u>\$ 16,314,061</u>	<u>\$ 40,976</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Cemetery Trust Fund**  
**For the Year Ended December 31, 2022**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Charges for services	\$ 104,460	\$ 128,585	\$ 24,125
Investment earnings (loss)	<u>(410,030)</u>	<u>(431,581)</u>	<u>(21,551)</u>
Total revenues	(305,570)	(302,996)	2,574
<b>Expenditures</b>			
Public works	<u>5,000</u>	<u>3,853</u>	<u>(1,147)</u>
Net change in fund balance	(310,570)	(306,849)	3,721
Fund balance - beginning of year	<u>2,651,810</u>	<u>2,651,810</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,341,240</u>	<u>\$ 2,344,961</u>	<u>\$ 3,721</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Green Space Trust Fund**  
**For the Year Ended December 31, 2022**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Investment earnings (loss)	<u>\$ (1,124,930)</u>	<u>\$ (1,169,200)</u>	<u>\$ (44,270)</u>
<b>Expenditures</b>			
Recreation and culture	12,000	10,263	(1,737)
Transfers out	<u>321,350</u>	<u>310,000</u>	<u>(11,350)</u>
Total expenditures	<u>333,350</u>	<u>320,263</u>	<u>(13,087)</u>
Net change in fund balance	(1,458,280)	(1,489,463)	(31,183)
Fund balance - beginning of year	<u>7,454,530</u>	<u>7,454,530</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,996,250</u>	<u>\$ 5,965,067</u>	<u>\$ (31,183)</u>



innovative *by* nature

## Internal Service Funds

---

Internal Service Funds account for the financing of goods or services provided by one City department or agency to other departments or agencies primarily on a cost-reimbursement basis.

**Facilities Fund** – This fund accounts for the costs of operating and maintaining the land and buildings of the City, excluding the water and sewer building.

**Management Information Systems Fund** – This fund accounts for the costs of data processing services provided to various City departments. The actual cost of materials and services is reimbursed to this fund by the user departments.

**Fleet Equipment Fund** – This fund accounts for the costs of acquiring and maintaining City-operated vehicles used by various City departments. The actual cost of labor and materials is reimbursed to this fund by the user departments.

**Insurance Fund** – This fund accounts for the City's self-insured premium payments for general liability, fleet, and property insurance. Recorded in this fund are the reserves and estimated IBNR liability.

**City of Rochester Hills**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**December 31, 2022**

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 9,107,823	\$ 1,897,553	\$ 3,625,514	\$ 274,361	\$ 14,905,251
Investments	2,674,869	2,157,101	4,361,119	-	9,193,089
Receivables					
Accounts receivable	-	-	6,599	-	6,599
Accrued interest	13,038	18,401	37,064	-	68,503
Other					
Due from other units of government	191,485	-	-	-	191,485
Prepaid items and other assets	<u>3,063</u>	<u>723</u>	<u>11,267</u>	<u>270,104</u>	<u>285,157</u>
Total current assets	<u>11,990,278</u>	<u>4,073,778</u>	<u>8,041,563</u>	<u>544,465</u>	<u>24,650,084</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation	40,865,163	308,839	5,174,896	-	46,348,898
Capital assets not being depreciated	18,685,454	-	-	-	18,685,454
Lease receivable	<u>76,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,168</u>
Total noncurrent assets	<u>59,626,785</u>	<u>308,839</u>	<u>5,174,896</u>	<u>-</u>	<u>65,110,520</u>
Total assets	<u>71,617,063</u>	<u>4,382,617</u>	<u>13,216,459</u>	<u>544,465</u>	<u>89,760,604</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	1,404,892	21,544	243,260	-	1,669,696
Retainages payable	370,339	-	-	-	370,339
Accrued wages	32,355	32,503	30,628	-	95,486
Accrued and other liabilities	-	-	-	150,081	150,081
Current portion of compensated absences	<u>74,646</u>	<u>75,017</u>	<u>31,183</u>	<u>-</u>	<u>180,846</u>
Total current liabilities	1,882,232	129,064	305,071	150,081	2,466,448
Noncurrent liabilities					
Noncurrent portion of compensated absences	<u>29,615</u>	<u>7,147</u>	<u>-</u>	<u>-</u>	<u>36,762</u>
Total liabilities	<u>1,911,847</u>	<u>136,211</u>	<u>305,071</u>	<u>150,081</u>	<u>2,503,210</u>
<b>Deferred Inflows of Resources</b>					
Deferred amount relating to lease receivable	<u>76,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,168</u>
<b>Net Position</b>					
Net investment in capital assets	59,180,278	308,839	5,174,896	-	64,664,013
Unrestricted	<u>10,448,770</u>	<u>3,937,567</u>	<u>7,736,492</u>	<u>394,384</u>	<u>22,517,213</u>
Total net position	<u>\$ 69,629,048</u>	<u>\$ 4,246,406</u>	<u>\$ 12,911,388</u>	<u>\$ 394,384</u>	<u>\$ 87,181,226</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2022**

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Operating revenue</b>					
Charges for services	\$ 3,829,650	\$ 2,147,518	\$ 3,181,276	\$ -	\$ 9,158,444
Other revenue	250,676	662	25,957	229,468	506,763
Total operating revenue	<u>4,080,326</u>	<u>2,148,180</u>	<u>3,207,233</u>	<u>229,468</u>	<u>9,665,207</u>
<b>Operating expenses</b>					
Salaries and wages	1,190,240	1,064,565	797,953	-	3,052,758
Professional services	1,110,981	797,452	560,004	572,028	3,040,465
Utilities	862,371	-	-	-	862,371
Materials and supplies	518,436	77,647	26,790	-	622,873
Repairs and maintenance	402,236	196,147	671,372	-	1,269,755
Rentals	9,353	-	3,403	-	12,756
Depreciation and amortization	2,934,687	290,503	1,044,282	-	4,269,472
Total operating expenses	<u>7,028,304</u>	<u>2,426,314</u>	<u>3,103,804</u>	<u>572,028</u>	<u>13,130,450</u>
Operating income (loss)	<u>(2,947,978)</u>	<u>(278,134)</u>	<u>103,429</u>	<u>(342,560)</u>	<u>(3,465,243)</u>
<b>Nonoperating revenue</b>					
Investment income	114,352	52,702	101,331	10,690	279,075
Gain on sale of capital assets	1,374	204	370,085	-	371,663
Total nonoperating revenues	<u>115,726</u>	<u>52,906</u>	<u>471,416</u>	<u>10,690</u>	<u>650,738</u>
Income (loss) before capital contributions and transfers	<u>(2,832,252)</u>	<u>(225,228)</u>	<u>574,845</u>	<u>(331,870)</u>	<u>(2,814,505)</u>
Capital contributions	226,690	-	-	-	226,690
Transfers in	11,628,790	-	-	-	11,628,790
Change in net position	9,023,228	(225,228)	574,845	(331,870)	9,040,975
Net position - beginning of year	<u>60,605,820</u>	<u>4,471,634</u>	<u>12,336,543</u>	<u>726,254</u>	<u>78,140,251</u>
Net position - end of year	<u>\$ 69,629,048</u>	<u>\$ 4,246,406</u>	<u>\$ 12,911,388</u>	<u>\$ 394,384</u>	<u>\$ 87,181,226</u>

**City of Rochester Hills**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 3,655,365	\$ 2,147,518	\$ 3,181,374	\$ -	\$ 8,984,257
Payments for goods and services	(2,214,075)	(1,071,078)	(1,073,091)	(536,877)	(4,895,121)
Payments to employees	(1,181,645)	(1,066,933)	(799,728)	-	(3,048,306)
Other operating revenue	250,676	662	25,957	229,468	506,763
Net cash provided (used) by operating activities	<u>510,321</u>	<u>10,169</u>	<u>1,334,512</u>	<u>(307,409)</u>	<u>1,547,593</u>
<b>Cash flows from noncapital financing activities</b>					
Transfer from other funds	11,628,790	-	-	-	11,628,790
<b>Cash flows from capital and related financing activities</b>					
Capital contributions	226,690	-	-	-	226,690
Purchases/construction of capital assets	(7,371,472)	-	(1,189,353)	-	(8,560,825)
Proceeds from sale of capital assets	1,374	204	421,925	-	423,503
Net cash provided (used) by capital and related financing activities	<u>(7,143,408)</u>	<u>204</u>	<u>(767,428)</u>	<u>-</u>	<u>(7,910,632)</u>
<b>Cash flows from investing activities</b>					
Proceeds from sales and maturities of investments	238,598	1,498,266	2,967,567	249,459	4,953,890
Purchases of investments	(2,674,869)	(2,157,101)	(4,361,119)	-	(9,193,089)
Interest received	114,352	35,055	65,367	10,761	225,535
Net cash provided (used) by investing activities	<u>(2,321,919)</u>	<u>(623,780)</u>	<u>(1,328,185)</u>	<u>260,220</u>	<u>(4,013,664)</u>
Net change in cash and cash equivalents	2,673,784	(613,407)	(761,101)	(47,189)	1,252,087
Cash and cash equivalents - beginning of year	6,434,039	2,510,960	4,386,615	321,550	13,653,164
Cash and cash equivalents - end of year	<u>\$ 9,107,823</u>	<u>\$ 1,897,553</u>	<u>\$ 3,625,514</u>	<u>\$ 274,361</u>	<u>\$ 14,905,251</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (2,947,978)	\$ (278,134)	\$ 103,429	\$ (342,560)	\$ (3,465,243)
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	2,934,687	290,503	1,044,282	-	4,269,472
Changes in assets and liabilities					
Receivables (net)	17,200	-	98	-	17,298
Due from other units of government	(191,485)	-	-	-	(191,485)
Prepaid items and other assets	(2,967)	(723)	(11,267)	49,391	34,434
Accounts payable	551,064	726	196,489	(102,721)	645,558
Accrued and other liabilities	141,205	165	3,256	88,481	233,107
Accrued wages, vacation and annual leave	8,595	(2,368)	(1,775)	-	4,452
Net cash provided (used) by operating activities	<u>\$ 510,321</u>	<u>\$ 10,169</u>	<u>\$ 1,334,512</u>	<u>\$ (307,409)</u>	<u>\$ 1,547,593</u>

## Fiduciary Funds

---

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, or other governments.

### **Custodial Funds**

**General Fiduciary Fund** – This fund accounts for the collection of licensing and trailer taxes on behalf of other governmental agencies.

**Tax Collection Fund** – This fund accounts for the collection and disbursement of taxes on behalf of other taxing authorities.

**North Oakland County Water Authority** – This fund accounts for resources to purchase water for four local governmental communities.

**City of Rochester Hills**  
**Other Supplementary Information**  
**Custodial Funds**  
**Combining Statement of Fiduciary Net Position**  
**December 31, 2022**

	Custodial Funds			Total
	General Fiduciary Fund	Tax Collection Fund	North Oakland County Water Authority	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,829	\$ 2,211,824	\$ 4,778,941	\$ 6,992,594
Receivables	-	-	2,735,394	2,735,394
Total assets	1,829	2,211,824	7,514,335	9,727,988
<b>Liabilities</b>				
Accounts payable	1,829	2,211,824	7,449,560	9,663,213
<b>Net Position</b>				
Restricted for				
Individuals, organizations and other governments	\$ -	-	\$ 64,775	\$ 64,775

**City of Rochester Hills**  
**Custodial Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2022**

	Custodial Funds			Total
	General Fiduciary Fund	Tax Collection Fund	North Oakland County Water Authority	
<b>Additions</b>				
Contributions				
Member	\$ -	\$ -	\$ 23,880,715	\$ 23,880,715
Interest, dividends and other	-	-	42,719	42,719
Property tax collections for other governments	127,123	103,606,531	-	103,733,654
Other revenue	28,387	-	37,350	65,737
	<u>155,510</u>	<u>103,606,531</u>	<u>23,960,784</u>	<u>127,722,825</u>
Total additions				
<b>Deductions</b>				
Professional services	-	-	60,100	60,100
Water purchases	-	-	23,835,909	23,835,909
Payments of property tax to other governments	127,123	103,606,531	-	103,733,654
Payments to other organizations	28,387	-	-	28,387
	<u>155,510</u>	<u>103,606,531</u>	<u>23,896,009</u>	<u>127,658,050</u>
Total deductions				
Change in net position	-	-	64,775	64,775
Net position - beginning of year	-	-	-	-
Net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,775</u>	<u>\$ 64,775</u>



innovative *by* nature

## Statistical Section

---

This part of the 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.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

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

## **Financial Trends**

---

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**City of Rochester Hills**  
**Net Position by Component**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 147,168,547	\$ 155,196,747	\$ 166,817,146	\$ 177,708,691
Restricted	51,090,072	48,467,412	46,692,160	44,123,537
Unrestricted	<u>47,065,731</u>	<u>47,770,506</u>	<u>47,488,531</u>	<u>45,331,918</u>
Total governmental activities net position	<u>\$ 245,324,350</u>	<u>\$ 251,434,665</u>	<u>\$ 260,997,837</u>	<u>\$ 267,164,146</u>
Business-type activities				
Net investment in capital assets	\$ 101,946,407	\$ 99,934,224	\$ 105,882,742	\$ 101,078,584
Unrestricted	<u>42,854,539</u>	<u>46,634,950</u>	<u>42,945,236</u>	<u>51,454,349</u>
Total business-type activities net position	<u>\$ 144,800,946</u>	<u>\$ 146,569,174</u>	<u>\$ 148,827,978</u>	<u>\$ 152,532,933</u>
Primary government				
Net investment in capital assets	\$ 249,114,954	\$ 255,130,971	\$ 272,699,888	\$ 278,787,275
Restricted	51,090,072	48,467,412	46,692,160	44,123,537
Unrestricted	<u>89,920,270</u>	<u>94,405,456</u>	<u>90,433,767</u>	<u>96,786,267</u>
Total primary government net position	<u>\$ 390,125,296</u>	<u>\$ 398,003,839</u>	<u>\$ 409,825,815</u>	<u>\$ 419,697,079</u>

---

2017	2018	2019	2020	2021	2022
\$ 184,459,969	\$ 195,331,781	\$ 211,153,977	\$ 218,112,676	\$ 227,899,053	\$ 238,219,453
45,526,396	50,588,307	50,607,434	53,386,545	52,815,733	48,082,140
<u>47,761,149</u>	<u>47,598,858</u>	<u>49,503,641</u>	<u>53,625,447</u>	<u>54,600,215</u>	<u>59,373,806</u>
<u>\$ 277,747,514</u>	<u>\$ 293,518,946</u>	<u>\$ 311,265,052</u>	<u>\$ 325,124,668</u>	<u>\$ 335,315,001</u>	<u>\$ 345,675,399</u>
\$ 107,947,768	\$ 108,318,647	\$ 106,170,218	\$ 107,229,739	\$ 121,604,540	\$ 126,711,281
48,934,910	52,675,843	56,787,054	61,017,893	49,723,985	47,844,194
<u>156,882,678</u>	<u>160,994,490</u>	<u>162,957,272</u>	<u>168,247,632</u>	<u>171,328,525</u>	<u>174,555,475</u>
\$ 292,407,737	\$ 303,650,428	\$ 317,324,195	\$ 326,618,431	\$ 349,503,593	\$ 364,930,734
45,526,396	50,588,307	50,607,434	60,128,249	52,815,733	48,082,140
<u>96,696,059</u>	<u>100,274,701</u>	<u>106,290,695</u>	<u>106,625,620</u>	<u>104,324,200</u>	<u>107,218,000</u>
<u>\$ 434,630,192</u>	<u>\$ 454,513,436</u>	<u>\$ 474,222,324</u>	<u>\$ 493,372,300</u>	<u>\$ 506,643,526</u>	<u>\$ 520,230,874</u>

**City of Rochester Hills**  
**Changes in Net Position**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,465,008	\$ 3,597,085	\$ 4,885,343	\$ 5,082,314
Public works	11,699,421	13,234,754	13,411,829	13,997,482
Public safety	18,548,887	18,429,217	19,426,114	20,592,228
Community and economic development	932,396	906,554	1,030,998	1,093,173
Recreation and culture	4,299,082	5,532,795	4,726,200	5,594,209
Interest on long-term debt	832,141	556,891	470,805	386,740
Total governmental activities expenses	<u>40,776,935</u>	<u>42,257,296</u>	<u>43,951,289</u>	<u>46,746,146</u>
Business-type activities - Water and sewer	<u>28,563,981</u>	<u>28,849,470</u>	<u>29,666,789</u>	<u>31,515,954</u>
Total primary government expenses	<u>\$ 69,340,916</u>	<u>\$ 71,106,766</u>	<u>\$ 73,618,078</u>	<u>\$ 78,262,100</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 335,060	\$ 364,640	\$ 246,661	\$ 188,077
Public works	533,505	403,736	690,360	929,380
Public safety	3,979,720	4,154,668	4,227,208	4,389,477
Community and economic development	37,156	48,729	64,019	40,424
Recreation and culture	850,706	843,349	928,764	941,015
Operating grants and contributions	4,975,418	5,699,964	6,329,670	6,046,650
Capital grants and contributions	1,620,345	1,176,625	3,067,489	604,843
Total governmental activities program revenues	<u>12,331,910</u>	<u>12,691,711</u>	<u>15,554,171</u>	<u>13,139,866</u>
Business-type activities:				
Charges for services:	29,727,018	29,610,232	30,669,475	34,937,052
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,383,227	736,784	1,063,888	2,518,382
Total business-type activities program revenues	<u>31,110,245</u>	<u>30,347,016</u>	<u>31,733,363</u>	<u>37,455,434</u>
Total primary government program revenues	<u>\$ 43,442,155</u>	<u>\$ 43,038,727</u>	<u>\$ 47,287,534</u>	<u>\$ 50,595,300</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (28,445,025)	\$ (29,565,585)	\$ (28,397,118)	\$ (33,606,280)
Business-type activities	2,546,264	1,497,546	2,066,574	5,939,480
Total primary government net expense	<u>\$ (25,898,761)</u>	<u>\$ (28,068,039)</u>	<u>\$ (26,330,544)</u>	<u>\$ (27,666,800)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 26,270,519	\$ 26,609,298	\$ 29,505,299	\$ 30,474,096
State-shared revenues	5,372,104	5,520,914	5,522,466	5,660,822
Unrestricted investment earnings	292,100	234,752	165,103	853,266
Unrestricted cable franchise fees	1,409,770	1,525,713	1,628,426	-
Miscellaneous	687,926	644,405	912,932	1,660,239
Gain on sale of capital assets	182,355	282,906	178,825	815,804
Transfer	-	14,500	-	266,925
Contribution to permanent fund-principal	-	42,132	47,239	41,437
Special item	-	801,280	-	-
Total governmental activities	<u>34,214,774</u>	<u>35,675,900</u>	<u>37,960,290</u>	<u>39,772,589</u>
Business-type activities:				
Unrestricted investment earnings	111,624	108,464	161,471	221,170
Miscellaneous	-	12,300	30,759	4,221
Loss on disposal of capital assets	-	-	-	(2,459,916)
Transfer	-	(14,500)	-	-
Special item	-	164,418	-	-
Total business-type activities	<u>111,624</u>	<u>270,682</u>	<u>192,230</u>	<u>(2,234,525)</u>
Total primary government	<u>\$ 34,326,398</u>	<u>\$ 35,946,582</u>	<u>\$ 38,152,520</u>	<u>\$ 37,538,064</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 5,769,749	\$ 6,110,315	\$ 9,563,172	\$ 6,166,309
Business-type activities	2,657,888	1,768,228	2,258,804	3,704,955
Total primary government	<u>\$ 8,427,637</u>	<u>\$ 7,878,543</u>	<u>\$ 11,821,976</u>	<u>\$ 9,871,264</u>

2017	2018	2019	2020	2021	2022
\$ 5,312,761	\$ 6,413,943	\$ 6,340,087	\$ 8,884,918	\$ 8,501,049	\$ 9,316,273
14,499,490	15,165,501	16,683,411	17,117,205	17,697,875	17,926,019
21,817,641	22,574,963	22,772,369	23,618,974	27,711,429	27,999,859
872,321	1,131,100	1,154,043	1,047,865	1,186,912	1,298,859
5,284,571	5,563,807	5,953,116	6,279,948	7,348,656	7,879,531
308,220	254,583	140,421	84,579	446	15,048
48,095,004	51,103,897	53,043,447	57,033,489	62,446,367	64,435,589
33,248,492	33,561,220	33,889,212	34,280,057	34,928,269	36,073,594
\$ 81,343,496	\$ 84,665,117	\$ 86,932,659	\$ 91,313,546	\$ 97,374,636	\$ 100,509,183
\$ 224,608	\$ 1,754,372	\$ 1,842,577	\$ 4,312,499	\$ 5,512,685	\$ 3,870,616
715,086	502,458	1,029,157	608,679	737,700	446,167
5,486,646	5,286,891	5,903,254	5,755,953	5,777,468	6,398,524
67,367	52,378	86,393	44,170	47,595	39,304
866,734	861,220	806,350	547,016	822,944	855,816
7,884,257	11,156,561	8,991,523	11,312,638	10,021,463	10,579,516
1,285,335	5,235,517	5,135,936	1,884,591	2,378,310	2,721,280
16,530,033	24,849,397	23,795,190	24,465,546	25,298,165	24,911,223
34,388,137	35,214,531	33,918,742	36,731,423	34,705,354	36,989,046
-	22,347	-	219,482	-	-
2,716,642	1,575,978	674,007	1,817,531	3,145,803	1,712,496
37,104,779	36,812,856	34,592,749	38,768,436	37,851,157	38,701,542
\$ 53,634,812	\$ 61,662,253	\$ 58,387,939	\$ 63,233,982	\$ 63,149,322	\$ 63,612,765
\$ (31,564,971)	\$ (26,254,500)	\$ (29,248,257)	\$ (32,567,943)	\$ (37,148,202)	\$ (39,524,366)
3,856,287	3,251,636	703,537	4,488,379	2,922,888	2,627,948
\$ (27,708,684)	\$ (23,002,864)	\$ (28,544,720)	\$ (28,079,564)	\$ (34,225,314)	\$ (36,896,418)
\$ 31,456,850	\$ 32,507,605	\$ 34,169,331	\$ 35,652,025	\$ 37,363,654	\$ 38,616,603
6,089,238	6,272,050	6,523,340	6,493,552	7,554,613	9,267,828
2,180,879	1,799,789	4,031,463	2,631,768	1,070,959	536,030
1,619,020	-	-	-	-	-
547,260	1,150,553	2,140,418	1,183,247	629,641	419,496
244,852	157,747	0	320,949	454,704	755,884
-	-	-	-	(7,200)	-
10,240	115,136	129,811	132,706	167,548	149,241
-	-	-	103,169	104,616	139,682
42,148,339	42,002,880	46,994,363	46,517,416	47,338,535	49,884,764
477,369	883,973	1,219,779	696,859	141,222	597,293
15,916	30,029	39,466	15,198	5,154	1,709
173	-	-	68	4,429	-
-	-	-	-	7,200	-
-	-	-	-	-	-
493,458	914,002	1,259,245	712,125	158,005	599,002
\$ 42,641,797	\$ 42,916,882	\$ 48,253,608	\$ 47,229,541	\$ 47,496,540	\$ 50,483,766
\$ 10,583,368	\$ 15,748,380	\$ 17,746,106	\$ 13,949,473	\$ 10,190,333	\$ 10,360,398
4,349,745	4,165,638	1,962,782	5,200,504	3,080,893	3,226,950
\$ 14,933,113	\$ 19,914,018	\$ 19,708,888	\$ 19,149,977	\$ 13,271,226	\$ 13,587,348

**City of Rochester Hills**  
**Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>				
Nonspendable				
Prepays	\$ -	\$ -	\$ -	\$ 62,631
Committed				
Budget stabilization	1,000,000	1,000,000	1,000,000	1,000,000
Assigned	-	4,313,480	1,032,670	1,650,000
Unassigned	<u>29,741,203</u>	<u>25,944,104</u>	<u>26,898,542</u>	<u>25,014,387</u>
Total General Fund	<u>30,741,203</u>	<u>31,257,584</u>	<u>28,931,212</u>	<u>27,727,018</u>
Net changes in General Fund balances	<u>\$ 2,454,673</u>	<u>\$ 516,381</u>	<u>\$ (2,326,372)</u>	<u>\$ (1,204,194)</u>
<b>All Other Governmental Funds</b>				
<b>Nonspendable</b>				
Inventory	64,159	72,383	117,823	178,846
Prepays	-	-	2,567,444	2,629,479
Permanent Fund Principal	1,031,738	1,073,870	3,983,580	6,162,547
<b>Restricted</b>				
Park Facilities	-	-	-	-
Road construction and maintenance	21,978,688	19,534,464	15,477,806	14,444,382
Fire service	3,715,509	4,030,819	4,540,861	4,791,126
Police protection	1,270,798	1,557,263	1,866,815	2,530,992
Pathway operations and maintenance	121,733	100,630	137,369	173,881
Public improvements-drains	2,451,509	2,299,054	2,041,319	1,657,967
Tree conservation and maintenance	1,609,515	1,608,997	1,570,860	1,553,819
Green space preservation	5,951,206	5,791,294	3,614,064	993,862
Debt service	2,475,136	1,909,301	1,451,712	946,422
Pathway construction	1,471,173	1,532,249	1,593,749	1,284,153
Fire vehicles and equipment	8,731,559	8,737,979	7,507,746	6,330,236
Cemetery trust	217,349	219,109	221,012	445,825
<b>Committed</b>				
Solid waste management	-	-	-	-
General Government	-	-	-	-
Public improvements-drains	-	-	-	-
<b>Assigned</b>				
Capital projects	<u>3,843,275</u>	<u>3,984,047</u>	<u>1,456,055</u>	<u>1,419,293</u>
Total all other governmental funds	<u>54,933,347</u>	<u>52,451,459</u>	<u>48,148,215</u>	<u>45,542,830</u>
<b>Total of all governmental funds</b>	<u>\$ 85,674,550</u>	<u>\$ 83,709,043</u>	<u>\$ 77,079,427</u>	<u>\$ 73,269,848</u>
Net Changes in governmental fund balances	<u>\$ 3,349,455</u>	<u>\$ (1,965,507)</u>	<u>\$ (6,629,616)</u>	<u>\$ (3,809,579)</u>

2017	2018	2019	2020	2021	2022
\$ 54,007	\$ 36,208	\$ 33,204	\$ 95,007	\$ 379,441	\$ 351,324
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
1,137,000	11,353,150	22,270	318,860	-	-
<u>28,414,652</u>	<u>19,971,462</u>	<u>19,674,120</u>	<u>20,819,992</u>	<u>19,349,403</u>	<u>19,904,537</u>
<u>30,605,659</u>	<u>32,360,820</u>	<u>20,729,594</u>	<u>22,233,859</u>	<u>20,728,844</u>	<u>21,255,861</u>
<u>\$ 2,878,641</u>	<u>\$ 1,755,161</u>	<u>\$ (11,631,226)</u>	<u>\$ 1,504,265</u>	<u>\$ (1,505,015)</u>	<u>\$ 527,017</u>
149,520	190,706	169,350	168,203	191,954	171,621
1,072,762	182,582	1,329,276	140,655	102,404	236,094
6,945,928	7,061,435	7,146,944	7,146,944	7,146,944	7,146,944
-	-	-	-	-	13,745
15,000,560	19,337,962	18,064,091	18,588,734	17,044,540	13,173,884
5,109,373	5,714,156	2,918,863	2,986,883	3,590,752	3,358,560
3,597,761	3,941,118	4,095,126	4,226,950	3,889,200	3,821,684
226,597	288,718	133,093	149,771	146,336	107,070
1,762,903	1,785,082	-	-	-	-
1,776,519	1,740,120	1,267,927	1,214,651	1,216,918	1,105,760
81,700	85,234	87,586	109,829	300,446	140,394
678,336	604,677	561,163	478,551	314,978	246,525
1,234,439	1,115,390	1,657,800	1,631,505	2,081,351	2,112,914
6,405,134	7,553,425	11,131,502	12,867,498	13,456,422	14,886,439
1,484,864	728,759	1,729,270	2,751,337	2,959,396	1,163,084
-	-	89,856	-	-	-
-	-	-	-	-	101,073
-	-	1,769,978	1,855,404	1,266,291	591,351
<u>1,105,105</u>	<u>1,074,206</u>	<u>9,922,931</u>	<u>11,404,651</u>	<u>16,881,155</u>	<u>16,314,061</u>
<u>46,631,501</u>	<u>51,403,570</u>	<u>62,074,756</u>	<u>65,721,566</u>	<u>70,589,087</u>	<u>64,691,203</u>
<u>\$ 77,237,160</u>	<u>\$ 83,764,390</u>	<u>\$ 82,804,350</u>	<u>\$ 87,955,425</u>	<u>\$ 91,317,931</u>	<u>\$ 85,947,064</u>
<u>\$ 3,967,312</u>	<u>\$ 6,527,230</u>	<u>\$ (960,040)</u>	<u>\$ 5,151,075</u>	<u>\$ 3,362,506</u>	<u>\$ (5,370,867)</u>

**City of Rochester Hills**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	2013	2014	2015	2016
<b>Revenues</b>				
Property taxes	\$ 26,270,519	\$ 26,609,298	\$ 29,505,299	\$ 30,474,096
Licenses and permits	2,571,550	2,708,237	3,018,417	2,882,128
Federal grants	174,056	237,065	326,473	108,715
State shared revenues and grants	9,865,099	10,591,515	10,964,591	11,264,159
Other governmental revenues	528,096	592,815	359,723	587,520
Charges for services	7,769,831	8,242,976	8,237,157	8,382,094
Fines and forfeitures	336,031	401,611	407,202	490,366
Interest earnings	245,859	204,716	109,709	764,247
Sale of assets	-	-	-	-
Other	573,634	399,256	3,453,652	833,410
<b>Total Revenues</b>	<u>48,334,675</u>	<u>49,987,489</u>	<u>56,382,223</u>	<u>55,786,735</u>
<b>Expenditures</b>				
Current:				
General government	6,530,376	6,940,068	6,951,204	7,472,323
Public works	1,704,769	1,716,610	2,215,493	2,171,404
Public safety	17,691,504	18,224,842	19,211,142	20,518,990
Community and economic development	824,991	815,104	861,658	932,725
Streets	4,844,567	5,521,962	4,885,500	4,821,917
Recreation and culture	4,119,257	4,258,456	4,419,728	4,804,282
Other functions	48,808	2,124	3,206	198
Capital outlay	5,200,576	12,447,756	14,021,201	11,417,735
Debt service				
Principal	3,037,611	2,280,000	2,345,000	2,425,000
Interest	640,710	537,660	460,802	381,364
<b>Total expenditures</b>	<u>44,643,169</u>	<u>52,744,582</u>	<u>55,374,934</u>	<u>55,008,580</u>
<b>Excess of revenues over (under) Expenditures</b>	<u>3,691,506</u>	<u>(2,757,093)</u>	<u>1,007,289</u>	<u>778,155</u>
<b>Other Financing Sources (Uses):</b>				
Debt issuance	2,235,000	-	-	-
Transfers in	12,501,659	13,757,668	10,160,252	7,362,323
Transfers out	(12,889,250)	(13,916,513)	(17,812,463)	(11,998,064)
Sale of assets	-	149,151	15,306	48,007
Payment to refund bond escrow agent	(2,189,842)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(342,433)</u>	<u>(9,694)</u>	<u>(7,636,905)</u>	<u>(4,587,734)</u>
<b>Special item</b>	-	801,280	-	-
<b>Net change in fund balances</b>	3,349,073	(1,965,507)	(6,629,616)	(3,809,579)
<b>Fund Balances - Beginning of year</b>	<u>82,325,477</u>	<u>85,674,550</u>	<u>83,709,043</u>	<u>77,079,427</u>
<b>Fund Balances - End of year</b>	<u>\$ 85,674,550</u>	<u>\$ 83,709,043</u>	<u>\$ 77,079,427</u>	<u>\$ 73,269,848</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	9.33%	6.99%	6.78%	6.44%

	2017	2018	2019	2020	2021	2022
\$	31,456,850	\$ 32,463,955	\$ 34,039,772	\$ 35,652,025	\$ 37,363,654	\$ 38,640,305
	3,468,554	3,155,713	4,001,609	3,971,398	3,512,892	3,672,659
	406,800	198,288	203,940	2,372,122	1,120,913	643,869
	13,848,971	15,247,482	14,925,639	15,094,642	16,372,339	18,660,785
	479,207	2,576,607	285,611	362,422	487,164	2,360,612
	8,788,247	8,633,500	9,212,599	8,775,554	9,331,984	9,497,200
	524,960	614,932	578,972	394,103	373,354	333,544
	1,980,149	1,446,275	3,593,502	2,375,774	949,603	(22,121)
	-	-	-	129,169	-	-
	720,588	3,454,515	5,817,638	1,154,578	657,361	531,643
	<u>61,674,326</u>	<u>67,791,267</u>	<u>72,659,282</u>	<u>70,281,787</u>	<u>70,169,264</u>	<u>74,318,496</u>
	7,009,974	7,510,660	7,621,717	8,276,547	8,136,763	8,927,267
	2,406,916	2,125,967	2,723,536	2,297,265	2,536,985	2,621,445
	21,011,581	21,681,250	22,160,827	23,528,280	24,608,077	25,450,882
	825,439	1,066,025	1,061,934	996,679	1,104,175	1,196,546
	5,088,384	5,073,941	5,549,520	5,294,815	5,612,109	5,819,555
	4,931,861	5,217,927	5,607,279	5,875,184	6,820,367	7,221,617
	208,959	88,739	95,474	152,568	236,952	609,977
	12,339,009	14,063,715	20,928,841	12,591,845	11,142,735	16,009,655
	2,035,000	1,550,000	1,660,000	1,665,000	1,775,000	200,000
	302,932	242,051	186,413	122,639	53,563	16,188
	<u>56,160,055</u>	<u>58,620,275</u>	<u>67,595,541</u>	<u>60,800,822</u>	<u>62,026,726</u>	<u>68,073,132</u>
	<u>5,514,271</u>	<u>9,170,992</u>	<u>5,063,741</u>	<u>9,480,965</u>	<u>8,142,538</u>	<u>6,245,364</u>
	-	-	-	-	-	-
	7,565,307	6,146,101	32,901,630	15,038,910	15,513,406	14,434,613
	(9,257,473)	(8,835,881)	(38,944,900)	(19,326,171)	(20,389,292)	(26,063,403)
	145,207	46,018	19,489	47,227	95,854	12,559
	-	-	-	-	-	-
	<u>(1,546,959)</u>	<u>(2,643,762)</u>	<u>(6,023,781)</u>	<u>(4,240,034)</u>	<u>(4,780,032)</u>	<u>(11,616,231)</u>
	-	-	-	-	-	-
	3,967,312	6,527,230	(960,040)	5,240,931	3,362,506	(5,370,867)
	<u>73,269,848</u>	<u>77,237,160</u>	<u>83,764,390</u>	<u>82,714,494</u>	<u>87,955,425</u>	<u>91,317,931</u>
\$	<u>77,237,160</u>	<u>\$ 83,764,390</u>	<u>\$ 82,804,350</u>	<u>\$ 87,955,425</u>	<u>\$ 91,317,931</u>	<u>\$ 85,947,064</u>
	5.34%	4.02%	2.77%	3.71%	3.61%	0.42%



innovative *by* nature

## **Revenue Capacity**

---

These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.

**City of Rochester Hills**  
**Taxable Value and Actual Value of Taxable Property**  
**(Unaudited)**

Fiscal Year	Tax Year	Taxable Value by Property Type				Total Value	Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
		Real Property			Personal Property				
		Residential	Commercial	Industrial					
2013	2012	2,253,441,406	419,075,040	118,567,180	181,726,150	2,972,809,776	9.7060	6,028,657,392	49.31%
2014	2013	2,298,696,600	409,303,060	118,804,730	187,007,950	3,013,812,340	9.7060	6,160,235,260	48.92%
2015	2014	2,364,678,200	412,428,510	119,903,050	184,824,590	3,081,834,350	10.4496	6,708,154,380	45.94%
2016	2015	2,441,920,790	424,514,630	121,165,740	194,546,970	3,182,148,130	10.4605	7,371,956,560	43.17%
2017	2016	2,505,199,360	432,989,870	122,630,670	164,474,500	3,225,294,400	10.4605	7,892,784,340	40.86%
2018	2017	2,594,226,970	445,250,270	124,249,200	157,288,180	3,321,014,620	10.4605	8,192,682,240	40.54%
2019	2018	2,718,934,350	466,108,360	128,338,890	153,832,650	3,467,214,250	10.4605	8,438,938,740	41.09%
2020	2019	2,854,037,170	489,620,610	133,293,890	156,018,590	3,632,970,260	10.4605	8,926,981,580	40.70%
2021	2020	2,974,188,690	505,294,150	136,569,340	169,374,066	3,785,426,246	10.5510	9,447,020,552	40.07%
2022	2021	3,185,113,640	413,842,200	139,500,570	164,929,300	3,903,385,710	10.5510	9,814,749,680	39.77%

Source: City of Rochester Hills

Note: Under Michigan law, the revenue base is referred to as "taxable value." This amount represents assessed value (50 percent of true cash value), limited for each property by the lower of 5 percent or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year



innovative *by* nature

**City of Rochester Hills**  
**Direct and Overlapping Property Tax Rates**  
**(Unaudited)**

	Millage Rates - Direct City Taxes				Overlapping Rates						
	General Operating	Special Purpose	Debt	Total Direct Taxes	Oakland County Operating	Huron/Clinton Metro Authority	County Park	Zoo Authority	Art Institute	Oakland Community College	Oakland Intermediate School District
2013											
Homestead	3.6222	5.7944	0.2894	9.7060	4.1900	0.2146	0.2415	0.1000	0.2000	1.5844	3.3690
Nonhomestead	3.6222	5.7944	0.2894	9.7060	4.1900	0.2146	0.2415	0.1000	0.2000	1.5844	3.3690
2014											
Homestead	1.9636	8.1965	0.2895	10.4496	4.1900	0.2146	0.2415	0.1000	0.2000	1.5844	3.3690
Nonhomestead	1.9636	8.1965	0.2895	10.4496	4.1900	0.2146	0.2415	0.1000	0.2000	1.5844	3.3690
2015											
Homestead	2.0275	8.1492	0.2838	10.4605	4.0900	0.2146	0.2410	0.0998	0.1996	1.5819	3.3690
Nonhomestead	2.0275	8.1492	0.2838	10.4605	4.0900	0.2146	0.2410	0.0998	0.1996	1.5819	3.3690
2016											
Homestead	2.1136	8.0707	0.2762	10.4605	4.0400	0.2146	0.2346	0.0990	0.1981	1.5707	3.3633
Nonhomestead	2.1136	8.0707	0.2762	10.4605	4.0400	0.2146	0.2346	0.0990	0.1981	1.5707	3.3633
2017											
Homestead	2.2561	7.9366	0.2678	10.4605	4.0400	0.2140	0.2140	0.0980	0.1961	1.5555	3.3398
Nonhomestead	2.2561	7.9366	0.2678	10.4605	4.0400	0.2140	0.2140	0.0980	0.1961	1.5555	3.3398
2018											
Homestead	2.4959	7.6968	0.2528	10.4605	4.0400	0.2129	0.2129	0.0982	0.1945	1.5431	3.2813
Nonhomestead	2.4959	7.6968	0.2528	10.4605	4.0400	0.2129	0.2129	0.0982	0.1945	1.5431	3.2813
2019											
Homestead	2.6582	7.5751	0.2272	10.4605	4.0400	0.2117	0.2329	0.0973	0.1929	1.5303	3.2539
Nonhomestead	2.6582	7.5751	0.2272	10.4605	4.0400	0.2117	0.2329	0.0973	0.1929	1.5303	3.2539
2020											
Homestead	2.6909	7.6577	0.2024	10.5510	4.0200	0.2104	0.3500	0.0965	0.1913	1.5184	3.2280
Nonhomestead	2.6909	7.6577	0.2024	10.5510	4.0200	0.2104	0.3500	0.0965	0.1913	1.5184	3.2280
2021											
Homestead	2.7457	7.7700	0.0353	10.5510	4.0132	0.2089	0.3470	0.0956	0.1897	1.5057	3.2012
Nonhomestead	2.7457	7.7700	0.0353	10.5510	4.0132	0.2089	0.3470	0.0956	0.1897	1.5057	3.2012
2022											
Homestead	2.8285	7.6895	0.0330	10.5510	3.9686	0.2070	0.3431	0.0945	0.1945	1.4891	3.1658
Nonhomestead	2.8285	7.6895	0.0330	10.5510	3.9686	0.2070	0.3431	0.0945	0.1945	1.4891	3.1658

Overlapping Rates								Total Direct and Overlapping Rates by Resident's School District	
Rochester Community School District			Avondale School District					Rochester Community School	Avondale Schools
State Education Tax	Operating	Debt	State Education Tax	Operating	Supplemental	Sinking	Debt		
6.0000	0.0000	6.7000	6.0000	0.0000	0.0000	0.6000	7.0000	32.3055	33.2055
6.0000	18.0000	6.7000	6.0000	18.0000	0.0000	0.6000	7.0000	50.3055	51.2055
6.0000	0.0000	6.7000	6.0000	0.0000	0.0000	0.6000	7.3000	35.3055	33.5055
6.0000	18.0000	6.7000	6.0000	18.0000	0.0000	0.6000	7.3000	50.3055	51.5055
6.0000	0.0000	6.4000	6.0000	0.0000	0.0000	0.6000	7.3000	32.7491	34.2491
6.0000	18.0000	6.4000	6.0000	18.0000	0.0000	0.6000	7.3000	50.7491	52.2491
6.0000	0.0000	6.2000	6.0000	0.0000	0.0000	0.6000	7.3000	32.4507	34.1507
6.0000	18.0000	6.2000	6.0000	18.0000	0.0000	0.6000	7.3000	50.4507	52.1507
6.0000	0.0000	5.9000	6.0000	0.0000	0.0000	0.8000	7.3000	32.0619	34.2619
6.0000	18.0000	5.9000	6.0000	18.0000	0.0000	0.8000	7.3000	50.0619	52.2619
6.0000	0.0000	6.0100	6.0000	0.0000	0.0000	0.8000	7.3000	32.0754	34.1654
6.0000	18.0000	6.0100	6.0000	18.0000	0.0000	0.8000	7.3000	50.0754	52.1654
6.0000	0.0000	5.3000	6.0000	0.0000	0.0000	0.8000	7.3000	31.3195	34.1195
6.0000	18.0000	5.3000	6.0000	18.0000	0.0000	0.8000	7.3000	49.3195	52.1195
6.0000	0.0000	1.4874	6.0000	0.0000	0.0000	0.8000	7.3000	31.1330	34.2656
6.0000	18.0000	1.4874	6.0000	18.0000	0.0000	0.8000	7.3000	49.1330	52.2656
6.0000	0.0000	1.4732	6.0000	0.0000	0.0000	0.8000	7.3000	29.2255	34.2123
6.0000	18.0000	1.4732	6.0000	18.0000	0.0000	0.8000	7.3000	47.2255	52.2123
6.0000	0.0000	1.4630	6.0000	0.0000	0.0000	0.8000	7.3000	30.1866	35.0636
6.0000	18.0000	1.4630	6.0000	18.0000	0.0000	0.8000	7.3000	48.1866	53.0636

**City of Rochester Hills  
Principal Property Taxpayers  
(Unaudited)**

Taxpayer	2022 (2021 Taxable Value)	2022 Percentage of Total	2022 Rank	2013 (2012 Taxable Value)	2013 Percentage of Total	2013 Rank
Singh Properties	\$ 29,804,440	0.76%	1	\$ 24,023,280	0.82%	2
Vorh Assoc. LLC (The Village RH)	26,917,310	0.69%	2	20,897,560	0.72%	3
Detroit Edison	26,104,590	0.67%	3	25,883,050	0.89%	1
New Plan (Hampton Village Center)	21,635,640	0.55%	4	18,404,360	0.63%	4
Consumers Power	16,428,570	0.42%	5	9,828,180	0.34%	10
Ramco / Winchester Center LLC	15,015,890	0.38%	6	13,175,540	0.45%	7
Good Will Co Inc. (Meijers)	14,745,090	0.38%	7	13,844,280	0.47%	5
Sunoco Pipeline LP	13,931,430	0.36%	8	-	0.00%	
Associate Estates Realty: Apartments	12,886,980	0.33%	9	11,054,460	0.38%	8
1185 River Oaks North, LLC (Solomon Properties)	12,424,520	0.32%	10	10,657,730	0.36%	9
Stuart Frankel	-	-		13,230,530	0.45%	6
Subtotal	189,894,460	4.86%		160,998,970	5.51%	
Other	<u>3,713,491,250</u>	<u>95.14%</u>		<u>2,805,336,476</u>	<u>96.03%</u>	
<b>Total</b>	<b><u>\$ 3,903,385,710</u></b>	<b><u>100.00%</u></b>		<b><u>\$ 2,921,414,606</u></b>	<b><u>101.54%</u></b>	

Source: City Assessing Department

**City of Rochester Hills**  
**Property Tax Levies and Collections**  
**(Unaudited)**

---

Fiscal Year	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2013	28,768,092	28,079,464	97.6%	741,000	28,820,464	100.0%
2014	29,173,993	28,418,086	97.4%	579,126	28,997,212	99.4%
2015	32,170,115	31,589,510	98.2%	574,776	32,164,286	99.9%
2016	33,243,238	32,642,927	98.2%	592,519	33,235,446	100.0%
2017	33,740,109	33,207,269	98.4%	589,004	33,796,273	100.0%
2018	34,669,775	34,072,043	98.3%	631,005	34,703,048	100.0%
2019	36,263,054	35,651,755	98.3%	667,160	36,318,915	100.0%
2020	37,994,005	37,293,993	98.2%	692,481	37,986,474	100.0%
2021	39,930,871	39,109,038	97.9%	803,495	39,912,533	100.0%
2022	41,184,623	40,445,152	98.2%	745,410	41,190,562	100.0%

Source: City of Rochester Hills



innovative *by* nature

## **Debt Capacity**

---

These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**City of Rochester Hills**  
**Ratios of Outstanding Debt**  
**(Unaudited)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental Activities</b>				
General obligation bonds	\$ 13,470,000	\$ 11,705,000	\$ 9,770,000	\$ 7,785,000
County contractual obligations	4,340,000	3,785,000	3,340,000	2,870,000
Special assessment bonds	775,000	525,000	275,000	0
Unamortized premium on refunding bonds	<u>306,853</u>	<u>263,087</u>	<u>219,330</u>	<u>175,567</u>
Total	18,891,853	16,278,087	13,604,330	10,830,567
<b>Capital Leases</b>				
Capital Lease-Office Equipment	<u>86,040</u>	<u>67,091</u>	<u>47,370</u>	<u>26,842</u>
<b>Business-type Activities</b>				
County contractual obligations	10,296,500	16,349,753	18,387,562	17,439,513
Unamortized premium on refunding bonds	<u>15,381</u>	<u>13,674</u>	<u>11,964</u>	<u>10,257</u>
Total	10,311,881	16,363,427	18,399,526	17,449,770
Total debt of the government	<u>\$ 29,289,774</u>	<u>\$ 32,708,605</u>	<u>\$ 32,051,226</u>	<u>\$ 28,307,179</u>
Total taxable value	\$ 2,972,809,776	\$ 3,013,812,340	\$ 3,081,834,350	\$ 3,182,148,130
Ratio of total debt to taxable value	0.99%	1.09%	1.04%	0.89%
Total population	73,875	73,556	73,257	72,791

2017	2018	2019	2020	2021	2022
\$ 5,925,000	\$ 4,550,000	\$ 3,065,000	\$ 1,585,000	\$ -	\$ -
2,400,000	1,910,000	1,430,000	1,045,000	855,000	655,000
-	-	-	-	-	-
131,804	99,866	67,928	35,989	560	420
8,456,804	6,559,866	4,562,928	2,665,989	855,560	655,420
5,426	-	-	-	-	-
16,448,824	15,439,589	14,423,670	13,364,642	12,282,586	11,236,450
8,545	6,836	5,127	3,418	1,709	-
16,457,369	15,446,425	14,428,797	13,368,060	12,284,295	11,236,450
<u>\$ 24,919,599</u>	<u>\$ 22,006,291</u>	<u>\$ 18,991,725</u>	<u>\$ 16,034,049</u>	<u>\$ 13,139,855</u>	<u>\$ 11,891,870</u>
\$ 3,225,294,400	\$ 3,321,014,620	\$ 3,467,214,250	\$ 3,632,970,260	\$ 3,785,426,246	\$ 3,903,385,710
0.78%	0.66%	0.548%	0.441%	0.347%	0.305%
74,334	74,556	74,764	75,013	76,300	76,300

**City of Rochester Hills**  
**Ratios of General Bonded Debt Outstanding**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>State Equalized Value</u>	<u>Population</u>	<u>General Bonded Debt Obligation Outstanding (1)</u>	<u>Other General Bonded Debt Obligations Outstanding (2)</u>	<u>Total Debt General Bonded Debt Obligation Outstanding</u>	<u>Obligation Debt to Taxable Value</u>	<u>General Obligation Debt per Capita</u>
2013	2012	3,014,328,696	73,556	12,992,740	4,373,113	17,365,853	0.58%	236.09
2014	2013	3,080,117,630	73,257	11,438,603	3,814,484	15,253,087	0.50%	208.21
2015	2014	3,354,077,190	72,791	9,713,479	3,365,851	13,079,330	0.39%	179.68
2016	2015	3,685,978,280	74,334	7,938,349	2,892,218	10,830,567	0.29%	145.70
2017	2016	3,946,392,170	74,556	6,038,219	2,418,585	8,456,804	0.21%	113.43
2018	2017	4,096,310,520	74,764	4,634,914	1,924,952	6,559,866	0.16%	87.74
2019	2018	4,219,469,370	75,013	3,132,928	1,430,000	4,562,928	0.11%	60.83
2020	2019	4,463,490,790	76,300	1,620,989	1,045,000	2,665,989	0.06%	34.94
2021	2020	4,723,510,276	76,300	-	855,560	855,560	0.02%	11.21
2022	2021	4,907,374,840	76,300	-	655,420	655,420	0.01%	8.59

(1) General bonded debt includes all direct bonded debt with the exception of Special Assessment and Michigan Transportation Bonds

(2) Other general bonded debt includes County contractual obligations

**City of Rochester Hills**  
**Direct and Overlapping Governmental Activities Debt**  
**(Unaudited)**

Government Unit	Net General Bonded Debt Outstanding 2022	City Share as Percent of Gross	Net City Share 2022
Direct debt - City of Rochester Hills	\$ 655,420	100.00%	\$ 655,420
Overlapping debt:			
Rochester School District	120,065,000	56.79%	68,184,914
Avondale School District	100,707,427	47.84%	48,178,433
Oakland County at Large	211,999,041	6.00%	12,719,942
Oakland Intermediate School District	<u>41,070,000</u>	6.03%	<u>2,476,521</u>
Total overlapping debt	<u>473,841,468</u>		<u>131,559,810</u>
Total	<u><b>\$ 474,496,888</b></u>		<u><b>\$ 132,215,230</b></u>

Direct debt is the outstanding long-term debt of the City.

Overlapping debt figures applied by Municipal Advisory Council of Michigan.

The percentage of overlapping bonded debt applicable to each governmental unit is estimated using the taxable valuation of assessed property. Applicable percentages were estimated by determining the portion of each governmental unit's taxable property located within the boundaries of the City of Rochester Hills and dividing it by the governmental unit's total taxable value.

**City of Rochester Hills**  
**Legal Debt Margin**  
**(Unaudited)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Debt limit</b>				
State equalized valuation	\$ 3,014,328,696	\$ 3,080,117,630	\$ 3,354,077,190	\$ 3,685,978,280
Debt limit (10% of State equalized valuation)	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
 Total debt limit	 301,432,870	 308,011,763	 335,407,719	 368,597,828
<b>Debt Subject to Debt Limit</b>				
Total debt	29,289,774	32,708,605	32,051,226	28,307,179
Less deduction:				
Special Assessment Bonds	775,000	525,000	275,000	-
Michigan Transportation Highway Fund Bonds	<u>750,000</u>	<u>500,000</u>	<u>250,000</u>	<u>-</u>
 Total amount of debt subject to limit	 <u>27,764,774</u>	 <u>31,683,605</u>	 <u>31,526,226</u>	 <u>28,307,179</u>
 <b>Legal Debt Margin</b>	 <u>\$ 273,668,096</u>	 <u>\$ 276,328,158</u>	 <u>\$ 303,881,493</u>	 <u>\$ 340,290,649</u>
 <b>Net Debt Subject to Limit as a Percentage of Debt Limit</b>	 9.21%	 10.29%	 9.40%	 7.68%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,946,392,170	\$ 4,096,310,520	\$ 4,219,469,370	\$ 4,463,490,790	\$ 4,723,510,276	\$ 4,907,374,840
<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
394,639,217	409,631,052	421,946,937	446,349,079	472,351,028	490,737,484
24,919,649	22,006,291	18,991,725	16,034,049	13,139,855	11,891,870
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>24,919,649</u>	<u>22,006,291</u>	<u>18,991,725</u>	<u>16,034,049</u>	<u>13,139,855</u>	<u>11,891,870</u>
\$ <u>369,719,568</u>	\$ <u>387,624,761</u>	\$ <u>402,955,212</u>	\$ <u>430,315,030</u>	\$ <u>459,211,173</u>	\$ <u>478,845,614</u>
6.31%	5.37%	4.50%	3.59%	2.78%	2.42%

**City of Rochester Hills**  
**Pledged-revenue Coverage**  
**(Unaudited)**

Year	Water and Sewer Revenue					
	Operating Revenue	Operating Expenses (Less Depreciation)	Net Operating Income	Debt Service		Coverage
				Principal	Interest	
2013	29,730,969	24,468,955	5,262,014	339,891	200,695	9.73
2014	29,622,532	24,825,478	4,797,054	523,198	261,941	6.11
2015	30,700,234	25,676,206	5,024,028	940,680	391,965	3.77
2016	34,941,271	27,139,135	7,802,136	978,184	423,212	5.57
2017	34,402,344	28,555,644	5,846,700	990,689	409,257	4.18
2018	35,246,493	28,789,418	6,457,075	1,009,235	386,690	4.63
2019	33,956,499	29,039,484	4,917,015	1,022,385	364,092	3.55
2020	36,269,975	28,866,349	7,403,626	1,059,028	312,378	5.40
2021	34,080,448	29,476,772	4,603,676	1,082,056	289,527	3.36
2022	36,356,551	30,519,980	5,836,571	1,046,136	265,686	4.45

Note: Details regarding outstanding debt can be found in Note 8 of the financial statements.

---

Special Assessment Bonds

Special Assessment Collections	Debt Service		
	Principal	Interest	Coverage
44,298	200,000	44,475	0.18
38,473	250,000	35,675	0.13
24,429	250,000	24,425	0.09
18,024	275,000	12,925	0.06
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-



innovative *by* nature

## **Demographic and Economic Information**

---

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**City of Rochester Hills  
Housing Profile  
(Unaudited)**

---

<u>Year</u>	<u>Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Annual Unemployment Rate</u>	<u>City Housing Profile Number of Units (4)</u>
2013	73,875 (2)	(1)	(1)	4.8 (6)	30,287
2014	73,556 (2)	(1)	(1)	4.7 (6)	30,502
2015	73,257 (2)	(1)	(1)	4.1 (6)	30,638
2016	72,791 (2)	(1)	(1)	3.5 (6)	31,227
2017	74,334 (2)	(1)	(1)	2.6 (5)	31,380
2018	74,556 (2)	(1)	(1)	2.7 (5)	31,786
2019	74,764 (2)	(1)	(1)	2.4 (5)	31,703
2020	76,300 (3)	(1)	(1)	6.6 (5)	31,970
2021	76,300 (3)	(1)	(1)	2.7 (5)	32,036
2022	76,300 (3)	(1)	(1)	2.1 (5)	31,969

(1) Information not available

(2) Source: SEMCOG Monthly Population and Households Estimated Growth Population

(3) Source: U.S. Bureau of the Census

(4) Source: Rochester Hills Assessing Department

(5) Source: U.S. Department of Labor-Bureau of Labor Statistics

(6) Source: Michigan Department of Technology, Management, and Budget

**City of Rochester Hills  
Principal Employers  
(Unaudited)**

---

2022 Rank	Principal Employers	2022 Employees	Percentage of Total	2013 Employees	Percentage of Total	2013 Rank
1	Oakland University	2,382	6.12%	1,593	4.11%	1
2	Rochester Community Schools	1,329	3.42%	1,601	4.13%	3
3	Ascension Providence Rochester Hospital	919	2.36%	1,115	2.88%	2
4	Webasto Roof Systems*	677	1.74%	502	1.30%	4
5	FANUC America Corporation	668	1.72%	575	1.48%	5
6	A. Raymond Group	460	1.18%	357	0.92%	-
7	Henry Ford Health System*	417	1.07%	499	1.29%	7
8	Molex	390	1.00%	-	-	-
9	City of Rochester Hills	247	0.63%	-	-	-
10	Kostal Kontakt	195	0.50%	-	-	-
	Lear Corporation	-	-	334	0.86%	6
	Hi-Tech Mold & Eng.	-	-	217	0.56%	9
	Wright & Fillippis	-	-	212	0.55%	8
	Total Employed	38,907				

Source: City Planning Department & SEMCOG  
\*Employee count from 2021

**City of Rochester Hills**  
**Construction Activity**  
**(Unaudited)**

---

<u>Fiscal Year</u>	<u>Total Building Permits</u>	<u>Total Construction Valuation</u>
2013	532	76,511,572
2014	584	128,541,287
2015	565	72,000,000
2016	757	165,000,000
2017	1,027	181,448,139
2018	709	108,692,609
2019	669	104,140,209
2020	728	129,124,278
2021	1,242	219,794,297
2022	1,343	163,014,097

Source: City Building Department

**City of Rochester Hills**  
**Miscellaneous Demographics**  
**(Unaudited)**

<b>Population (1)</b>		<b>2010 Labor Characteristics (2)</b>	
2020 U.S. Census	76,300	Occupation	Number of Employees
2010 U.S. Census	70,995	Management, professional, and related	19,242
2000 U.S. Census	68,825	Service	4,136
1990 U.S. Census	61,766	Sales and office	8,097
		Natural resources, construction, and maintenance	1,367
		Production, transportation, and material moving	2,208
		Total	35,050

<b>2020 Income Characteristics (2)</b>		<b>2020 Industry (2)</b>	
Household Income	Number of Households		
Less than \$10,000	668	Natural Resources, Mining & Construction	2,005
\$10,000 - \$14,999	425	Manufacturing	4,705
\$15,000 - \$24,999	1,529	Wholesale trade	1,484
\$25,000 - \$34,999	1,653	Retail trade	6,284
\$35,000 - \$49,999	2,358	Transportation, warehousing, and utilities	723
\$50,000 - \$74,999	3,775	Information & Financial Activities	4,008
\$75,000 - \$99,999	4,049	Professional & Technical Services & Corporate HQ	3,647
\$100,000 - \$149,999	6,166	Administrative, Support & Waste Services	3,835
\$150,000 or more	3,641	Education Services	2,377
		Healthcare Services	7,303
		Leisure & Hospitality	4,433
		Other Services	2,041
		Public administration	361
		Total	43,206

<b>2020 Residential Characteristics (2)</b>	
Single Family	66.70%
Multi Family	28.80%
Mobile Homes	4.50%

<b>2020 Age Statistics (2)</b>		<b>2020 Educational Characteristics (2)</b>	
Years		Years of School Completed	Persons 25 and Over
Under 5	6.50%	Did not graduate high school	3.20%
5 to 19	20.10%	High school graduate	15.00%
20 to 24	5.80%	Some college, no degree	14.70%
25 to 44	26.40%	Associate's degree	8.20%
45 to 64	26.30%	Bachelor's degree	31.80%
Over 64	14.90%	Graduate or professional degree	27.10%

(1) U.S. Census Bureau  
(2) American Fact Finder



innovative *by* nature

## **Operating Information**

---

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**City of Rochester Hills**  
**Full-Time Equivalent Government Employees**  
**(Unaudited)**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Mayor	11	11	12	11	11	13	13	13	13	14
Clerks and Election	6	6	7	7	7	7	6	6	8	8
Accounting	7	8	8	8	8	8	8	7	8	7
Assessing	8	7	7	7	6	6	6	5	7	7
Human Resources	4	4	4	4	4	3	4	5	5	5
Treasury	3	3	3	3	3	3	3	3	3	3
Planning and zoning	5	5	5	5	5	4	6	6	6	6
Parks and recreation	13	15	15	14	14	14	14	10	10	12
Management information systems	8	8	8	8	8	5	7	6	8	7
Cemetery	2	1	2	1	2	2	2	2	2	2
Public safety:										
Police services (contracted officers)	57	57	58	58	58	60	60	60	60	62
Police administrations (contracted)	2	2	2	2	2	2	2	2	2	2
Fire and EMS	36	36	46	43	51	49	47	60	60	60
Building	13	13	13	13	13	11	12	13	14	16
Ordinance enforcement	5	5	5	5	5	5	5	5	3	5
Public works:										
Department of Public Service	62	58	60	57	58	59	58	59	63	61
Natural resources	4	4	4	4	4	6	6	6	6	6
Grounds maintenance	-	-	-	-	-	-	-	5	5	5
Fleet	6	7	7	7	6	7	8	7	7	7
Facilities	6	6	6	7	8	7	8	8	8	9
<b>Total</b>	<u>258</u>	<u>256</u>	<u>272</u>	<u>264</u>	<u>273</u>	<u>271</u>	<u>275</u>	<u>288</u>	<u>298</u>	<u>304</u>

Source: City Accounting Division



innovative *by* nature

**City of Rochester Hills**  
**Operating Indicators by Function**  
**(Unaudited)**

Function/Program	2013	2014	2015	2016
<b>Elections:</b>				
Number of elections	1	2	2	3
Registered voters	53,132	53,184	51,775	53,454
New registrations	3,916	3,979	3,925	5,537
<b>Building:</b>				
Permits issued	3,404	3,395	3,459	6,811
Inspections	10,599	11,620	12,752	12,428
<b>Parks and Recreation:</b>				
Park Vehicle Counts	303,737	301,873	293,406	313,290
Museum Vehicle Counts	N/A	N/A	N/A	61,279
Forestry - Tree inventory	18,885	18,736	18,957	18,915
<b>Major roads:</b>				
Winter material applied - Salt (in tons)	1,339	729	2,951	1,944
Other material applied to major roads (in tons)	91	24	57	40
Linear feet of ditches cleaned - Major roads	250	521	30	-
<b>Local Streets:</b>				
Pothole repair - Solvex applied (in tons)	65	173	98	38
Other material applied to local streets (in tons)	1,971	1,969	1,123	109
Winter material applied (in tons)	1,057	372	97	1,317
<b>Fire:</b>				
Fire inspections/reviews/investigations	1,258	1,418	952	882
Number of fires	123	109	108	136
Number of rescues and Emergency Medical Service	4,489	4,763	4,811	4,781
Number of community education programs	423	654	607	622
Number of participants in education programs	6,255	8,052	6,527	6,480
Police (contracted services) - Dispatch calls for service	31,198	31,697	31,521	33,489
<b>Patrol investigators:</b>				
Criminal activity - New cases	1,090	1,091	1,214	1,350
Criminal activity - Recovered property	31,198	67,469	57,388	57,733
<b>Uniformed patrol:</b>				
Criminal activity - New cases	621	583	611	628
Criminal activity - Recovered property	20,104	18,688	27,507	19,614
<b>Crime statistics:</b>				
Part A crimes	1,502	1,401	1,385	1,427
Part B crimes	465	380	319	343
Part C crimes (Miscellaneous)	27,410	27,167	28,005	31,414
<b>Water and sewer:</b>				
Water and sewer billings	141,281	141,952	142,718	143,667
Water sales (million cubic feet)	303	288	293	333
Meter reads	204,995	206,562	205,894	206,997
Meter installations	1,306	643	679	967
Water purchased (million cubic feet)	323	301	309	325

Source: City of Rochester Hills

2017	2018	2019	2020	2022	2022
1	2	2	3	1	2
52,712	53,209	54,492	58,225	57,794	59,356
1,934	1,393	416	3,733	707	848
5,429	3,361	3,784	3,574	5,030	5,332
17,522	15,157	13,173	11,560	16,648	17,969
331,980	406,173	354,289	488,073	528,945	478,705
58,290	66,546	84,573	30,840	20,616	34,918
19,208	19,348	19,440	19,594	20,068	20,209
1,674	1,505	1,484	1,159	1,156	1,178
78	97	49	43	35	31
290	-	60	80	-	350
45	39	31	42	14.00	20.00
232	189	418	455	150.00	195.00
1,435	1,266	1,338	1,404	1,139.00	1,000.00
1,227	1,140	661	1,267	2,210	1,508
146	113	102	124	110	107
5,553	5,961	6,183	5,701	6,330	6,653
430	1,609	202	388	559	240
7,062	6,410	8,337	5,083	6,966	4,048
33,614	34,579	34,354	30,740	36,162	39,256
1,354	1,081	1,026	977	1,031	1,077
46,529	17,254	36,438	N/A	N/A	N/A
626	744	687	505	524	594
15,450	17,094	18,459	N/A	N/A	N/A
1,311	1,249	1,211	998	1,016	1,247
501	445	366	315	245	469
30,490	32,059	30,827	30,956	N/A	36,427
144,823	146,299	147,185	145,488	145,689	147,576
306	308	284	321	285	311
206,997	210,832	212,394	213,905	215,521	217,003
967	1,316	1,488	653	625	623
325	326	302	348	314	346

**City of Rochester Hills  
Capital Asset Statistics  
(Unaudited)**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General government:</b>										
Buildings - City hall	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Acreage	55.14	55.14	55.14	55.14	55.14	55.14	55.3	55.30	55.75	55.75
<b>Public Safety:</b>										
Police station	1	1	1	1	1	1	1	1	1	1
<b>Fire:</b>										
Stations	5	5	5	5	5	5	5	5	5	5
Fire response vehicles	22	22	22	22	22	22	22	22	22	22
Emergency response vehicles	10	10	10	10	10	10	10	10	10	10
<b>Public works:</b>										
Buildings	3	3	3	3	3	3	3	3	3	3
<b>Streets (miles)</b>										
Miles of major roads (actual)	38.21	38.21	38.61	38.61	38.61	47.8	47.84	47.84	48.68	49.04
Miles of local roads (actual)	218.97	218.97	219.14	219.14	219.61	240.33	240.46	240.59	240.34	240.42
<b>Water:</b>										
Mains (miles)	431	432	432	434	441	438	442	442.36	444.37	445.63
Gate valves	4608	4628	4653	4696	4803	4745	4755	4768	4797	4816
Hydrants	4910	5028	4952	5002	5020	5068	5071	5084	5116	5133
<b>Sewer:</b>										
Miles of sanitary sewers	323.00	323.00	324.00	325.25	326.40	327.50	328.00	328.93	330.36	331.18
Miles of storm sewers	51.00	51.00	49.00	49.43	49.90	50.80	53.00	54.84	55.80	56.13
Manholes - Sanitary	7923	7937	7972	8009	8,062	8,065	8,083	8,104	8,193	8,212
Manholes - Storm	735	757	761	767	767	769	802	817	820	820
Inlets and catch basins	5,161	5,228	5,268	5,329	5,363	5,367	5,465	5,532	5,552	5,559
<b>Parks and recreation:</b>										
<b>Major/Community Parks:</b>										
Buildings	19	19	19	19	19	19	19	19	19	19
Acreage	582.7	582.7	582.7	582.7	582.7	582.7	582.7	582.7	582.7	582.7
Developed parks/playgrounds	8	8	8	8	8	8	8	8	8	8
Developed fields (soccer, baseball, etc.)	21	21	21	21	21	21	21	21	21	21
<b>Neighborhood parks:</b>										
Acreage	23.6	23.6	23.6	23.6	23.6	23.6	23.6	24.1	24.1	24.1
Developed parks/playgrounds	1	1	1	1	1	1	1	2	2	2
Developed fields (soccer, baseball, etc.)	2	2	2	2	2	2	2	2	2	2
Building	-	-	-	-	-	-	-	1	1	1
<b>Special use parks:</b>										
Buildings	9	9	9	9	9	9	9	9	9	9
Acreage	318.17	318.17	318.17	318.17	318.17	318.17	318.17	318.17	318.17	318.17
Museums	1	1	1	1	1	1	1	1	1	1
Educational centers	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Veteran's memorial Pointe	1	1	1	1	1	1	1	1	1	1
Linear Parks	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8
Natural Resource Areas	64.94	113.32	113.32	122.80	122.80	127.24	127.24	127.24	127.24	137.43
Total park acreage	1,061.21	1,109.59	1,119.07	1,119.07	1,123.51	1,123.51	1,123.51	1,123.99	1,123.99	1,134.18
Number of parks	11	11	11	11	11	11	11	15	15	15

Source: City Departments

**City of Rochester Hills**  
**State-shared Revenue and Gas & Weight Tax**  
**(Unaudited)**

---

State-shared revenue

Fiscal Year Ended December 31	Modified Accrual Basis of Accounting	Accrual Basis of Accounting
2013	\$ 5,346,706	\$ 5,372,104
2014	5,495,218	5,520,914
2015	5,549,849	5,522,466
2016	5,606,535	5,660,822
2017	6,069,401	6,089,238
2018	6,272,050	6,272,050
2019	6,523,340	6,523,340
2020	6,506,665	6,506,665
2021	7,554,613	7,554,613
2022	9,267,828	9,267,828

Gas and weight tax

Fiscal Year Ended December 31	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major Roads	Local Streets	
2013	\$ 3,247,102	\$ 1,232,181	\$ 4,479,283
2014	3,312,238	1,259,193	4,571,431
2015	3,466,728	1,319,982	4,786,710
2016	3,564,630	1,359,222	4,923,852
2017	4,646,727	1,772,992	6,419,719
2018	5,011,557	1,906,176	6,917,733
2019	5,570,879	2,119,903	7,690,782
2020	5,619,647	2,137,492	7,757,139
2021	6,237,786	2,363,471	8,601,257
2022	6,663,776	2,505,091	9,168,867

Source: City Accounting Division

**City of Rochester Hills  
Labor Agreements  
(Unaudited)**

---

Name	Contract Expiration Date	Full-Time Employees Covered
<b>Union Employees</b>		
Office/Technical/Public Works Employees AFSCME, Local 2491, Council 25	12/31/2024	120
Public Works/Parks-Supervisory AFSCME, Local 1917.28, Council 25	12/31/2025	11
Fire Fighters International Association of Fire Fighters, Local 3472	12/31/2024	55
Paid on Call / Part-Time Fire Fighters Michigan Association of Fire Fighters	12/31/2021	6
<b>Non-union Employees</b>		
Mayor	N/A	1
Department Directors	N/A	10
Technical/Professional/Management	N/A	43

Source: City Accounting Division