

# **Comprehensive Annual Financial Report**

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

**For the Fiscal Year Ended December 31, 2010**

**Elected Officials:**

**Mayor**

**Bryan K. Barnett**

**City Council President**

**Greg Hooper**

**City Council Vice-President**

**Vern Pixley**

**City Council Members**

**Martin Brennan**

**Nathan Klomp**

**James Rosen**

**Michael Webber**

**Ravi Yalamanchi**

**Prepared By: Accounting Division**



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# City of Rochester Hills, Michigan

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## **Introductory Section**

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April 13, 2011

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

We are pleased to submit the Comprehensive Annual Financial Report for the City of Rochester Hills (the "City") for the year ended December 31, 2010, in accordance with state law and the City Charter. 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 (CAFR) 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 principals (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 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 71,000 and comprises an area of 32.2 square miles. The City employs approximately 204 full-time employees and 60 contracted law enforcement officers. 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 1,000 acres of parkland affording the community with endless recreation opportunities. The Older Persons 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 and home to one of Michigan's eleven SmartZones. The City's business cluster includes a concentration of automotive, 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 new residents and businesses. The economic condition of the City is sound and the City is among one of the lowest tax rates of communities in Oakland County. The current economic environment is creating challenges and new opportunities. The City continues to address the current economic downturn by conservatively forecasting revenues and expenditures five years into the future and by establishing multi-year budgets.

Michigan's economy continues to be under pressure brought about by historically high unemployment levels. The high level of unemployment has put excess stress on housing leading to a decline in housing values and a drop in new construction. Michigan's economy is not expected to recover for the next several years.

Revenue projections continue to be challenging for the City. The State of Michigan's budget troubles have forced the State to reduce its state-shared revenue program. In 2010, state-shared revenue decreased by \$240,535, with a total decline since 2001 of over \$2.1 million, or 33 percent. Due to the continued decrease in state-shared revenue, reduction in new building construction activities and the housing value decline, the City continues to be challenged in maintaining current levels of services with reduced revenue sources.

The local tax base of the City of Rochester Hills is diversified with residential property comprising 73.25 percent, commercial property comprising 15.68 percent, industrial property representing 5.76 percent, and personal property (business equipment, furniture, and machinery) consisting of 5.31 percent. No one taxpayer exceeds 1 percent of the total tax roll and the total of the top 10 taxpayers account for less than 6 percent of the total tax roll. The following table illustrates the specific diversity of the City's tax base:

Single-family homes	18,585 homes
Condominiums	3,896 units
Low-income/senior citizen (11 buildings)	1,415 units
Rental apartments (16 complexes)	4,590 units
Mobile home parks (2 locations)	1,392 sites
Shopping centers	46 centers
Hotel/motels (2 buildings)	236 rooms
Office space	104 buildings
Commercial	352 buildings
Light industrial	388 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 will be the basis for property tax revenue for the fiscal year 2010 budget:

	2009	
<u>By Class</u>	<u>Taxable Value</u>	<u>Percent</u>
Real Property	\$ 3,409,673,125	94.69%
Personal Property	191,244,010	5.31%
<b>Total</b>	<b><u>\$ 3,600,917,135</u></b>	<b><u>100.00%</u></b>
<u>By Use</u>		
Residential	\$ 2,637,547,585	73.25%
Commercial	564,580,740	15.68%
Industrial	207,544,800	5.76%
Personal Property	191,244,010	5.31%
<b>Total</b>	<b><u>\$ 3,600,917,135</u></b>	<b><u>100.00%</u></b>

**Major Initiatives**

**Major Roads** – Major road funding continues to plan, design, acquire right-of-way, construct and improve the 38 actual miles of major road network and coordinating improvements with the Road Commission of Oakland County and the State of Michigan’s road system within the City limits. In 2010, the Major Road Fund had expenditures of \$1.6 million in capital outlay.

**Local Streets** – Funding for the City’s local street system continues to be a challenge for the City. In 2010, the residents of Rochester Hills approved a local road millage that will generate tax revenue for the 2011 fiscal year. The City’s Administration, working with the City Council, continues to work toward a long-term local street funding strategy that will address future funding needs. The City has 219 actual miles of local streets. In 2010, the General Fund made a substantial transfer of over \$2.7 million for street preservation and winter maintenance.

**Special Police** - The City's citizen funding committee is looking for funding solutions that will ensure a stable revenue source to support efficient and effective police services for the community. In 2010, the General Fund transferred almost \$3.9 million to the Special Police Fund to offset its operational expenditures.

**Fire Fund** – The Fire Fund continues to be committed to preserving life, protecting property, and preventing harm to our environment, for our residents, businesses and visitors through “Excellence in Service.” The Fire Department continues to devote their efforts to community awareness, increase technology, staff training, and partnering with neighboring departments and agencies.

**Capital Improvement Plan** - In accordance with State of Michigan Planning Act 285, the Rochester Hills Planning Commission adopts a 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 drainage, major and local roads, parks, pathways, water and sewer, and city-owned facilities. The plan also includes internal infrastructure projects necessary to improve government operations that deliver services to our residents.

The 2011-2016 Capital Improvement Plan was adopted by the City of Rochester Hills Planning Commission. Currently, the commission is reviewing the 2012-2017 Plan as part of the 2012 budget process. Significant capital projects include:

- Drain extensions
- Pedestrian pathway rehabilitation and construction
- Major road construction
- Local street improvements and replacements
- Water and sewer extensions
- Park improvements and development
- City-wide facilities
- Fleet and technology replacement

**Long-range Financial Planning** - The City will continue to improve and build upon its long-range financial planning process. In 1995, the City developed a five-year financial model that continues to be a valuable tool for the City. As part of the budgeting process, the Fiscal Division updates the long-range forecasts of revenue and expenditures. The forecasts serve as the framework for budgetary decision-making by clarifying financial parameters and available resources and options. The model provides historical data, current budgeted City programs, and future financial capacity based on a set of future assumptions.

In addition to long-range financial planning, the City has adopted the following financial policies to help guide financial decision-making:

**Debt Policy** - Subject to applicable provisions of state statutes and the City Charter, the City Council, by resolution, may authorize the borrowing of money for any allowable purpose. The City's general obligation bonded debt is subject to a legal limitation of 10 percent of real and personal property taxable value. In addition, under current state statutes, the City's special assessment bond debt is subject to a legal limitation of 12 percent of real and personal property taxable value.

**Pension and Postemployment Benefits** - The City provides pension benefits for substantially all its full-time employees, members of the City Council, and paid on-call firefighters, through a defined contribution plan. Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings on contributions. The City makes monthly contributions to the plan and the plan is fully funded.

The City has established a retiree health care benefit program, which is comprised of a health savings plan and a supplemental benefit program. Full-time employees who have completed their probation period are eligible for the health savings plan. The City contributes to the health savings plan on a monthly basis and the plan is fully funded. The City has established a Retiree Health Care Benefit Trust to provide assistance for postemployment health care insurance premiums for certain eligible employees qualifying for the supplemental benefit program. In 2009, based on the 2008 Actuarial report, the City fully funded the supplemental benefit program.

**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 Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. This was the 22nd 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 Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**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 Finance and assistance from the Treasury Department. 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 Plante & Moran, PLLC, which made a substantial contribution and assisted with the interpretation, guidance, review, and preparation of this document.

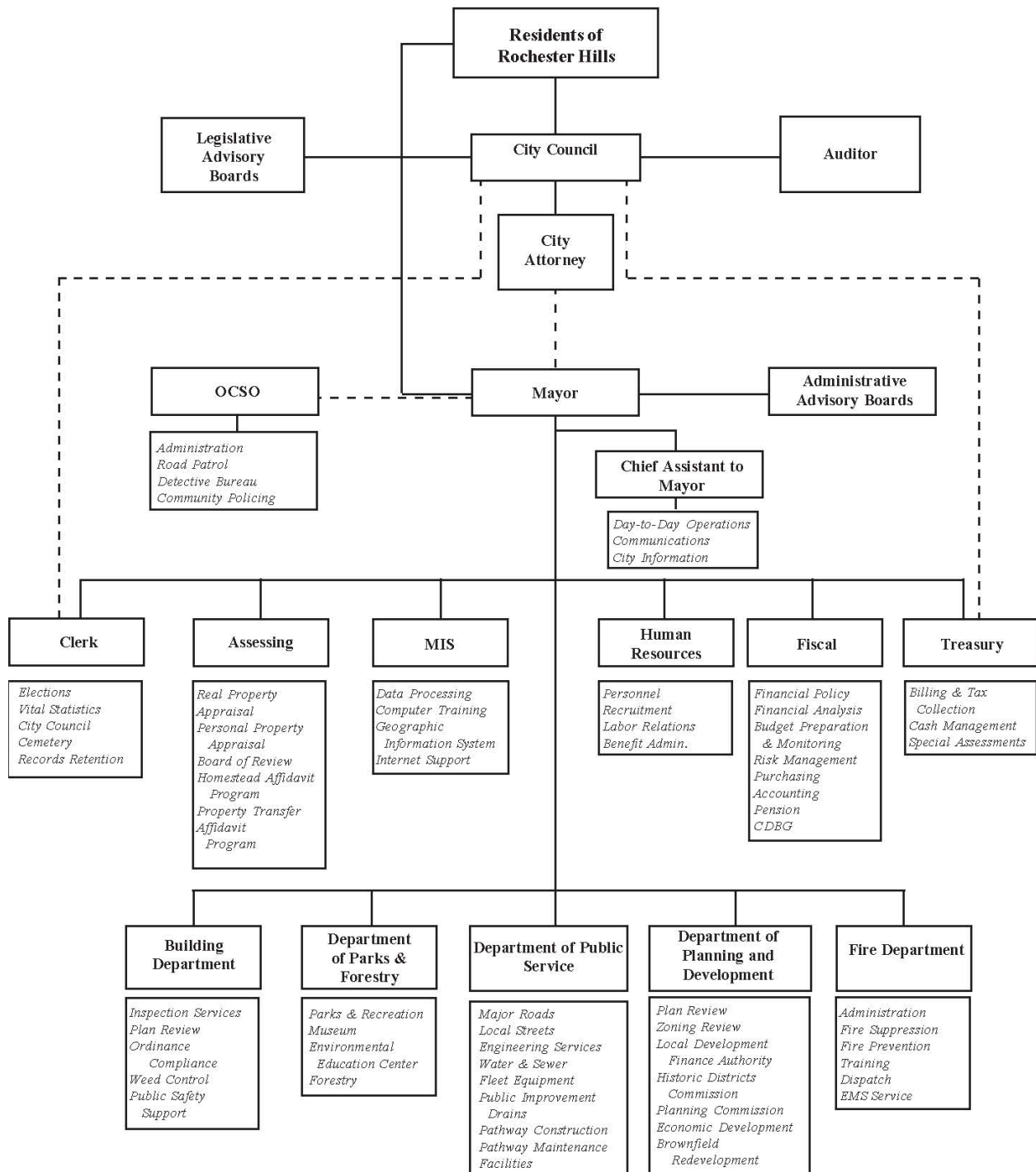
Respectfully submitted,

Pamela Lee  
City Accountant

Keith Sawdon  
Finance Director

# City of Rochester Hills, Michigan

## Citywide Organizational Chart



Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Rochester Hills  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



## City of Rochester Hills, Michigan

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### List of Principal Officials Year Ended December 31, 2010

Edward Anzek	Director of Planning & Development
Scott Cope	Director of Building
Ronald Crowell	Fire Chief
Kurt Dawson	Director of Assessing/City Treasurer
Bob Grace	Director of Management Information Systems
Michael Hartner	Director of Parks/Forestry
Pamela Gordon	Director of Human Resources
Jane Leslie	City Clerk
Paul Davis	Acting Director of Public Services/Engineering
Keith Sawdon	Director of Finance
Captain Michael Johnson	Command Officer, Oakland County Sheriff's Office - Rochester Hills Contingent



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## **Financial Section**

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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Rochester Hills, Michigan

We have audited the accompanying 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, Michigan (the "City") as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Rochester-Avon Recreation Authority were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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, Michigan as of December 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

To the Honorable Mayor and  
Members of the City Council  
City of Rochester Hills, Michigan

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2011 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, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

April 13, 2011

# City of Rochester Hills, Michigan

## Management's Discussion and Analysis

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, 2010. 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 assets 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 assets includes all of the City's assets and liabilities as described in Notes 5 and 7, respectively, to the financial statements. The difference between the City's assets and liabilities is "net assets," 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 assets 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, Economic Development Corporation, Automation Alley SmartZone Authority, Brownfield Redevelopment Authority, 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.

# City of Rochester Hills, Michigan

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## Management's Discussion and Analysis

### Fund Financial Statements

The City's fund financial statements are similar to the historical presentation; however, this section individually discloses only those funds designated as the City's "major" funds. All nonmajor 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 19 and 22 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 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 supplemental 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 Fund and Agency 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 assets and liabilities. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance City operations.



# City of Rochester Hills, Michigan

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## Management's Discussion and Analysis

### Financial Analysis of the City as a Whole

**Statement of Net Assets** - The City's combined net assets increased 4.0 percent, or \$14 million, from \$347.7 million in 2009 to \$361.7 million in 2010. The net assets for the governmental activity increased from \$219.3 million in 2009 to \$228.7 million in 2010, or \$9.4 million. The primary change in the governmental activities is due to the reduction of current liabilities of \$4.5 million or 12 percent and a reduction in long-term liabilities of \$4.9 million or 13.7 percent from \$30.5 million in 2009 to \$36 million in 2010. The governmental activities unrestricted net assets increased by \$5.5 million or 18 percent. The net assets of the business-type activity increased from \$128.4 million in 2009 to \$133.0 million in 2010, or \$4.6 million. The increase is attributed to increase of \$5.8 million in current assets and an increase of long-term liabilities of \$1 million. The unrestricted net assets increased by \$5.7 million, or 3.9 percent in the business-type activity.

The City's assets totaled \$433.2 million in 2010, up by \$5.5 million. This relates primarily to an increase in current assets of \$8.2 million or 5.5 percent. Capital assets decreased by \$2.2 million or 1 percent, which is attributed to the net of additions to capital assets of \$10 million and \$12.2 million of depreciation.

The City's total liabilities decreased \$8.5 million, or 11.0 percent, from \$80 million in 2009 to \$71.5 million in 2010. This relates to the reduction of bonded debt obligations in the governmental activities of \$3.9 million and a decrease of unearned revenue of \$4.2 million or 4 percent from the prior year.

# City of Rochester Hills, Michigan

## Management's Discussion and Analysis

In condensed format, the table below shows the comparison of net assets (in millions) as of December 31, 2010 to the prior year:

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current assets	\$ 125.1	\$ 122.7	\$ 27.3	\$ 21.5	\$ 152.4	\$ 144.2
Long-term receivables	0.2	0.3	0.8	0.9	1.0	1.2
Restricted assets	-	-	0.6	0.9	0.6	0.9
Capital assets	<u>167.3</u>	<u>169.6</u>	<u>111.9</u>	<u>111.8</u>	<u>279.2</u>	<u>281.4</u>
Total assets	292.6	292.6	140.6	135.1	433.2	427.7
<b>Liabilities</b>						
Current liabilities	33.0	37.5	3.1	3.2	36.1	40.7
Long-term liabilities	<u>30.9</u>	<u>35.8</u>	<u>4.5</u>	<u>3.5</u>	<u>35.4</u>	<u>39.3</u>
Total liabilities	<u>63.9</u>	<u>73.3</u>	<u>7.6</u>	<u>6.7</u>	<u>71.5</u>	<u>80.0</u>
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	145.4	143.3	108.4	109.5	253.8	252.8
Restricted	47.3	45.5	-	-	47.3	45.5
Unrestricted	<u>36.0</u>	<u>30.5</u>	<u>24.6</u>	<u>18.9</u>	<u>60.6</u>	<u>49.4</u>
Total net assets	<u>\$ 228.7</u>	<u>\$ 219.3</u>	<u>\$ 133.0</u>	<u>\$ 128.4</u>	<u>\$ 361.7</u>	<u>\$ 347.7</u>

# City of Rochester Hills, Michigan

## Management's Discussion and Analysis

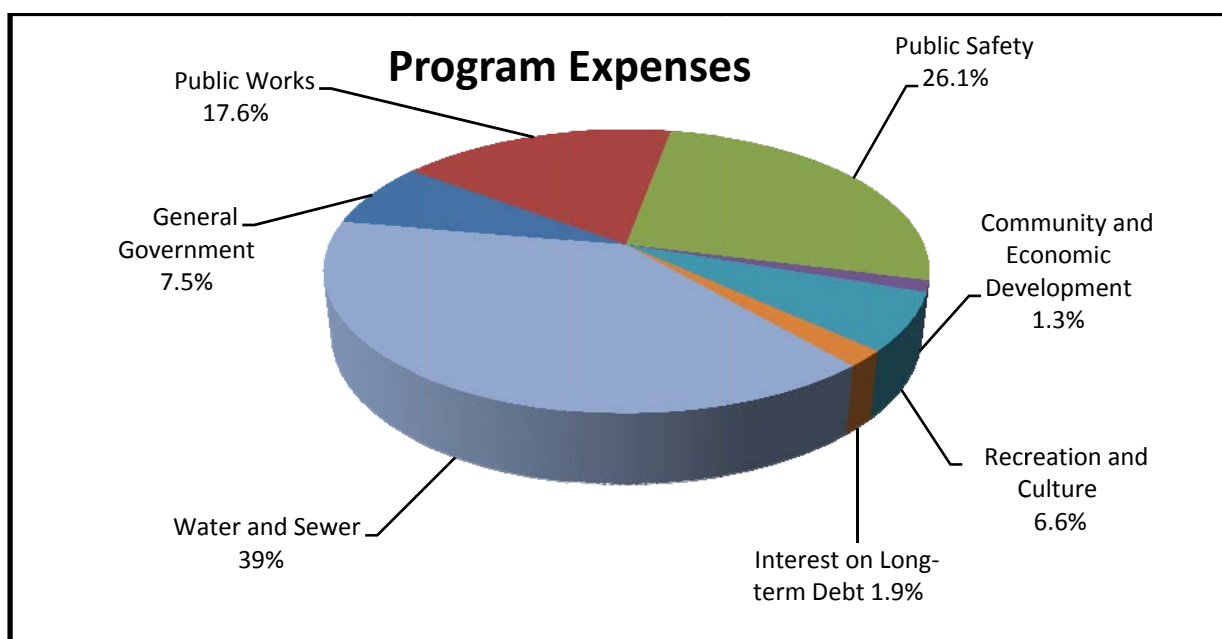
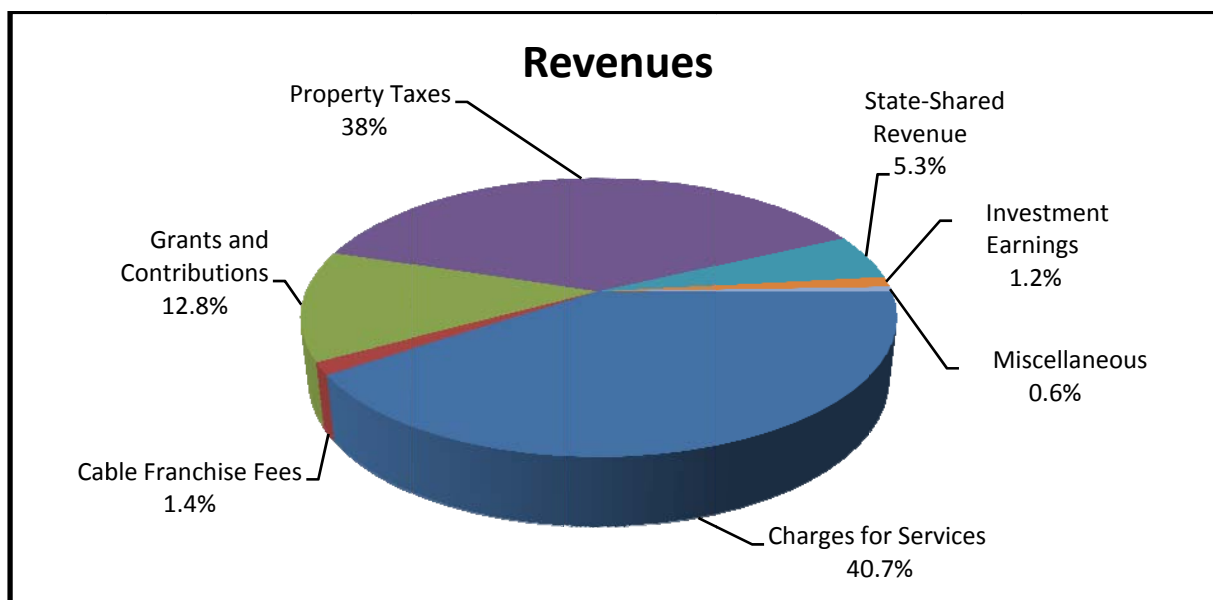
**Changes in Net Assets** - The City's total net assets increased by \$14.0 million during the fiscal year ended December 31, 2010. The table below shows the comparison of changes in net assets (in millions) to the prior year:

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 4.9	\$ 4.4	\$ 29.0	\$ 25.9	\$ 33.9	\$ 30.3
Operating grants and contributions	4.5	4.5	-	-	4.5	4.5
Capital grants and contributions	3.6	5.4	2.6	0.4	6.2	5.8
General revenue:						
Property taxes	31.7	32.9	-	-	31.7	32.9
State-shared revenue	4.4	4.5	-	-	4.4	4.5
Investment earnings	0.9	1.2	0.1	0.2	1.0	1.4
Cable franchise fees	1.2	1.0	-	-	1.2	1.0
Miscellaneous	0.5	1.3	-	-	0.5	1.3
<b>Total revenue</b>	<b>51.7</b>	<b>55.2</b>	<b>31.7</b>	<b>26.5</b>	<b>83.4</b>	<b>81.7</b>
<b>Program Expenses</b>						
General government	5.2	6.3	-	-	5.2	6.3
Public works	12.2	11.3	-	-	12.2	11.3
Public safety	18.1	18.4	-	-	18.1	18.4
Community and economic development	0.9	1.1	-	-	0.9	1.1
Recreation and culture	4.6	4.9	-	-	4.6	4.9
Interest on long-term debt	1.3	1.6	-	-	1.3	1.6
Water and sewer	-	-	27.1	26.9	27.1	26.9
<b>Total program expenses</b>	<b>42.3</b>	<b>43.6</b>	<b>27.1</b>	<b>26.9</b>	<b>69.4</b>	<b>70.5</b>
<b>Change in Net Assets</b>	<b>9.4</b>	<b>11.6</b>	<b>4.6</b>	<b>(0.4)</b>	<b>14.0</b>	<b>11.2</b>
<b>Net Assets - Beginning of year</b>	<b>219.3</b>	<b>207.7</b>	<b>128.4</b>	<b>128.8</b>	<b>347.7</b>	<b>336.5</b>
<b>Net Assets - End of year</b>	<b>\$ 228.7</b>	<b>\$ 219.3</b>	<b>\$ 133.0</b>	<b>\$ 128.4</b>	<b>\$ 361.7</b>	<b>\$ 347.7</b>

# City of Rochester Hills, Michigan

## Management's Discussion and Analysis

The City's revenue for governmental activity exceeded annual expenses by \$9.4 million, resulting in an increase in net assets as of December 31, 2010 to \$228.7 million. Annual revenue for business-type activity exceeded expenses by \$4.6 million, resulting in an increase in net assets to \$133.0 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, 2010:



# City of Rochester Hills, Michigan

## Management's Discussion and Analysis

**Governmental Activities** - Of the City's total revenue generated for fiscal year 2010, property tax comprises the largest segment, \$31.7 million, or 61.3 percent. Property tax revenue decreased from the prior year by \$1.2 million, or 3.6 percent. Overall property taxable values have decreased while bottom line millage rates stayed the same. Of the grants and contributions revenue of \$8.1 million, \$3.4 million is associated with the State of Michigan Act 51 revenues for the major and local road systems. Much of the remaining revenue is associated with the governmental activity related to road system improvements in the amount of \$1.2 and contributed capital of \$2.4 million. State-shared revenue is a primary source of revenue for the City of which we received \$4.4 million which is a decrease from 2009 of \$93,000. Investment earnings decreased by \$.3 million or 25 percent. This is due to the low interest rate environment that has been experienced in past several years.

The majority of governmental expense is associated with the public safety function, which is \$18.1 million, or 42.8 percent of the total governmental activity. Public safety includes building, ordinance enforcement, fire, and police services. Public works expenses were \$12.2 million, or 28.5 percent of the governmental expenses. Public works activity includes roads, drains, forestry and pedestrian pathway improvements. Recreation and cultural expenses totaled \$4.6 million, or 10.8 percent that is related to park operations, youth and senior citizen programs and land purchased for green space. General government expenses total \$5.2 million, or 12.3 percent.

**Business-type Activities** - The City's business-type activities are recorded in the Water and Sewer Fund. The City provides water and sewer disposal purchased from the City of Detroit to residents. Of the City's charges for service revenue, the majority is generated from charges passed on to residents, which is \$29 million. Charges for service are offset by water and sewer operational expenses of \$27.1 million, or 39 percent of the City's total expenses, and after capital contributions, the business activity has an increased net change in assets of \$4.6 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 Act 51 major and local road money, the City creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by citizens and earmarked bond proceeds. The City's major funds for fiscal year 2010 include the General Fund, the Major Road Fund, the Local Road Fund, the Fire Fund, and the Special Police Protection Fund.

The General Fund's fund balance increased from \$15.1 million to \$19.2 million or a total increase of \$4.1 million. The net increase is a combination of a decrease in property taxes, an

# City of Rochester Hills, Michigan

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## Management's Discussion and Analysis

increase in charges for service, a decrease in general governmental expenses and a decrease in transfers to other funds.

The Major Road Fund fund's balance increased from \$15.3 million in 2009 to \$16.1 million in 2010. The total revenues of \$4.8 million exceeded the totals expenses of \$4.1, or \$.7 million.

The Local Street Fund fund's balance increased slightly from \$2.9 million in 2009 to \$3.5 million in 2010. Local Street's revenues of \$4.3 million exceeded the expenses of \$3.7, or \$.6 million. General Fund made a transfer of \$2.7 million to the Local Street Fund for local street improvements and maintenance.

The Fire Fund fund's balance increased slightly from \$1.9 million in 2009 to \$2.6 million in 2010. The revenues exceed the cost of fire operations by \$.7 million. No transfers were made to the Fire Capital Fund in 2010.

The Special Police Protection Fund fund's balance increased approximately by \$179,000. The cost of police operations were \$8.8 million and the total revenue was \$9 million which included a transfer from General Fund of \$3.9 million.

There was very little activity in the capital project funds in 2010. The Pathway Construction Fund had capital outlay of \$1.3 million that decreased the fund balance from \$26 million in 2009 to 16.1 million in 2010.

**General Fund Budgetary Highlights** - The Mayor and City Administration continuously monitor budget performance and the City Council amends the budget to reflect current projections throughout the year. The 2010 original budget for revenues exceeded the projections and the expenses were below the original budget projections. At year-end the actual revenues of \$26.1 million exceeded the actual operations of \$13.8 million and transfers to other funds of \$8.3 million by approximately \$4 million.

Revenue projections were \$25.9 million compared to actual revenues of \$26.1, a difference of approximately \$245,000. The increase in budget was due to building permits and fees projected of approximately \$600,000 and a decrease in projected interest earnings of approximately \$400,000

Overall, the General Fund expenditures were below the original budget by \$3.8 million or 14.6 percent. There was a decrease of transfers out to the other funds of approximately \$2.4 million or 22%, personnel costs were down by \$790,000 or 7%, supplies and materials were down by \$89,000 or 21.9%, and professional services were down by \$429,000 or 11% of the original budget.

## City of Rochester Hills, Michigan

### Management's Discussion and Analysis

**Capital Asset and Debt Administration** - The City of Rochester Hills has \$279.2 million invested in a broad range of capital assets including land, building, technology equipment, fire equipment, operating equipment, water and sewer lines, and infrastructure for its governmental and business-type activities as of December 31, 2010. This reflects a decrease in net capital assets of \$2.2 million during the year. For detailed information on Capital Assets refer to Note 5.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 21.2	\$ 21.0	\$ 5.0	\$ 5.0	\$ 26.2	\$ 26.0
Construction in progress	-	-	3.3	-	3.3	-
Right-of-way	46.6	46.5	-	-	46.6	46.5
Infrastructure	69.0	71.1	89.4	91.8	158.4	162.9
Building and land improvements	25.1	25.0	12.4	12.6	37.5	37.6
Vehicles	3.8	4.1	-	-	3.8	4.1
Furniture and equipment	1.6	1.9	1.8	2.4	3.4	4.3
Total	<u>\$ 167.3</u>	<u>\$ 169.6</u>	<u>\$ 111.9</u>	<u>\$ 111.8</u>	<u>\$ 279.2</u>	<u>\$ 281.4</u>

**Debt Administration** - The City of Rochester Hills' debt rating is excellent. Standard and Poor's and Finch Ratings recently affirmed the rating of AAA for the City. The City's total bond indebtedness at December 31, 2010 is \$33.0 million at December 31, 2010. For detail information on outstanding debt refer to Note 7.

#### City of Rochester Hills Outstanding Debt (in millions of dollars)

	Governmental Activities	
	2010	2009
Governmental activities:		
General obligation bonds	\$ 18.3	\$ 20.9
County contractual obligations	9.1	11.1
Special assessment bonds	1.4	1.7
Total governmental activities	<u>\$ 28.8</u>	<u>\$ 33.7</u>
Business-type activities - County contractual obligations	<u>\$ 4.2</u>	<u>\$ 3.3</u>

**Economic Factors and New Year's Budget and Rates** – The City's taxable value is expected to decline -11.3% or \$406 million for fiscal year 2011 due to economic conditions. The City's total millage rate of 9.7060 is unchanged for fiscal year 2011. There was a slight decrease (0.02125)

# City of Rochester Hills, Michigan

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## Management's Discussion and Analysis

in the General Fund's millage rate from 3.7545 mills in 2010 to 3.7242 mills for fiscal year 2011. The total Debt Funds millages decreased from 1.1535 mills in 2010 to .8293 mills in 2011, a total decrease of 0.3242 mills. The City's total millage rate is among the lowest in Oakland County. Taxes account for 43 percent of governmental fund revenues and 50 percent of the budgeted General Fund revenues in the fiscal year 2011 budget. General Fund tax revenue is estimated at \$11.6 million for fiscal year 2011.

The City's Major Road Fund anticipates depleting an estimated \$3.1 million of fund balance for fiscal year 2011 that will be utilized for construction, rehabilitation, and improvements to the major road system. The Local Street Fund continues to search for a dedicated funding source. The City Council and administration are striving to develop a long-term road fund policy that will address future local street needs. A planned transfer from the General Fund of approximately \$1.7 million and \$1.1 million from the Major Road Fund will help support local street preservation and maintenance for fiscal year 2011. The Fire Fund fund's balance is projected to remain unchanged in fiscal year 2011 due to the elimination of transfers to the Fire Capital Fund. No significant changes or purchases are projected from the Fire Fund. The Special Police Fund's fund balance is unchanged at \$536 thousand and in fiscal year 2011 a transfer from the General Fund of \$4.1 million is planned to support the projected \$8.8 million in police service expenditures.

Capital projects for governmental-type funds for fiscal year 2011 include major road, local streets, storm drain, pathway, computer related equipment and vehicles.

The Water and Sewer Fund's primary focus in fiscal year 2011 will be on effective operations and maintenance of the current water and sewer systems and to utilize the City's Geographic Information System and the Asset Management system to determine lifecycle cost of water and sewer facilities.

In response to a continuing economic down turn, the fiscal year 2011 budget brought its expenditures in line with its revenue stream by redesigning service delivery systems and by reducing costs, including personnel costs, city-wide.

**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.



# City of Rochester Hills, Michigan

## Statement of Net Assets December 31, 2010

	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 32,639,020	\$ 10,273,141	\$ 42,912,161	\$ 1,846,215
Investments (Note 3)	68,606,968	10,341,733	78,948,701	3,469,418
Receivables - Net:				
Property tax	19,943,369	-	19,943,369	-
Customers	647,923	6,419,951	7,067,874	89,115
Accrued interest	288,268	41,729	329,997	3,654
Due from other governmental units	2,651,264	11,307	2,662,571	986,332
Inventories	130,100	139,780	269,880	11,213
Long-term receivables	227,484	779,359	1,006,843	-
Other assets	231,597	5,000	236,597	27,796
Restricted assets (Note 8)	-	646,542	646,542	-
Nondepreciable capital assets (Note 5)	67,732,479	8,293,176	76,025,655	2,790,244
Depreciable capital assets - Net (Note 5)	<u>99,549,848</u>	<u>103,632,719</u>	<u>203,182,567</u>	<u>12,292,977</u>
<b>Total assets</b>	<b>292,648,320</b>	<b>140,584,437</b>	<b>433,232,757</b>	<b>21,516,964</b>
<b>Liabilities</b>				
Accounts payable	2,387,233	2,832,848	5,220,081	422,858
Retainage payable	82,623	59,549	142,172	-
Accrued and other liabilities	905,397	121,442	1,026,839	75,897
Deposits and escrows	1,436,932	85,324	1,522,256	-
Unearned revenue (Note 4)	28,181,469	-	28,181,469	1,192,180
Noncurrent liabilities (Note 7):				
Due within one year - Debt	3,719,040	174,572	3,893,612	-
Due in more than one year - Debt	25,048,524	3,997,497	29,046,021	-
Due in more than one year - OPEB	130,843	26,155	156,998	-
Due within one year - Other noncurrent liabilities	1,014,525	257,427	1,271,952	35,255
Due in more than one year - Other noncurrent liabilities	<u>1,033,781</u>	<u>21,377</u>	<u>1,055,158</u>	<u>32,655</u>
<b>Total liabilities</b>	<b><u>63,940,367</u></b>	<b><u>7,576,191</u></b>	<b><u>71,516,558</u></b>	<b><u>1,758,845</u></b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	145,384,763	108,400,368	253,785,131	15,083,221
Restricted:				
Streets and highways	19,571,118	-	19,571,118	-
Dedicated millages	11,027,197	-	11,027,197	-
Debt service	4,250,814	-	4,250,814	-
Capital projects	9,769,721	-	9,769,721	-
Cemetery	1,048,457	-	1,048,457	-
Tree preservation	1,643,884	-	1,643,884	-
Unrestricted	<u>36,011,999</u>	<u>24,607,878</u>	<u>60,619,877</u>	<u>4,674,898</u>
<b>Total net assets</b>	<b><u>\$ 228,707,953</u></b>	<b><u>\$ 133,008,246</u></b>	<b><u>\$ 361,716,199</u></b>	<b><u>\$ 19,758,119</u></b>

# City of Rochester Hills, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,225,635	\$ 250,305	\$ -	\$ -
Public works	12,220,800	62,222	4,126,815	3,597,135
Public safety	18,072,766	3,740,432	37,712	-
Community and economic development	894,785	47,516	197,560	-
Recreation and culture	4,612,372	842,766	87,685	-
Interest on long-term debt	<u>1,317,638</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	42,343,996	4,943,241	4,449,772	3,597,135
Business-type activities:				
Sewer	10,820,551	11,988,649	-	2,555,650
Water	<u>16,292,009</u>	<u>16,982,017</u>	<u>-</u>	<u>97,690</u>
Total business-type activities	<u>27,112,560</u>	<u>28,970,666</u>	<u>-</u>	<u>2,653,340</u>
Total primary government	<u>\$ 69,456,556</u>	<u>\$ 33,913,907</u>	<u>\$ 4,449,772</u>	<u>\$ 6,250,475</u>
Component units:				
Local Development Finance Authority	\$ 512,303	\$ -	\$ 203,250	\$ -
Economic Development Corporation	390	-	-	-
Automation Alley SmartZone Authority	31,264	-	-	-
Rochester-Avon Recreation Authority	2,040,406	1,327,926	-	-
Older Persons' Commission	<u>4,102,482</u>	<u>1,189,574</u>	<u>1,089,072</u>	<u>-</u>
Total component units	<u>\$ 6,686,845</u>	<u>\$ 2,517,500</u>	<u>\$ 1,292,322</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Intergovernmental revenue  
State-shared revenues  
Unrestricted investment earnings  
Unrestricted cable franchise fees  
Miscellaneous  
Gain on disposal of capital assets

Total general revenues

## Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

# City of Rochester Hills, Michigan

## Statement of Activities Year Ended December 31, 2010

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,975,330)	\$ -	\$ (4,975,330)	\$ -
(4,434,628)	-	(4,434,628)	-
(14,294,622)	-	(14,294,622)	-
(649,709)	-	(649,709)	-
(3,681,921)	-	(3,681,921)	-
(1,317,638)	-	(1,317,638)	-
(29,353,848)	-	(29,353,848)	-
-	3,723,748	3,723,748	-
-	787,698	787,698	-
-	4,511,446	4,511,446	-
<b><u>\$ (29,353,848)</u></b>	<b><u>\$ 4,511,446</u></b>	<b><u>\$ (24,842,402)</u></b>	<b><u>\$ -</u></b>
\$ -	\$ -	\$ -	\$ (309,053)
-	-	-	(390)
-	-	-	(31,264)
-	-	-	(712,480)
-	-	-	(1,823,836)
<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (2,877,023)</u></b>
31,667,939	-	31,667,939	1,304,554
-	-	-	2,485,089
4,449,876	-	4,449,876	-
850,707	122,272	972,979	30,610
1,217,626	-	1,217,626	-
462,127	7,008	469,135	55,756
105,124	-	105,124	-
38,753,399	129,280	38,882,679	3,876,009
9,399,551	4,640,726	14,040,277	998,986
219,308,402	128,367,520	347,675,922	18,759,133
<b><u>\$ 228,707,953</u></b>	<b><u>\$ 133,008,246</u></b>	<b><u>\$ 361,716,199</u></b>	<b><u>\$ 19,758,119</u></b>

# City of Rochester Hills, Michigan

	General Fund	Major Road Fund	Local Street Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 9,450,340	\$ 2,909,908	\$ 1,572,833
Investments	14,245,605	13,492,837	1,995,482
Receivables:			
Property tax	8,323,995	-	791,884
Federal	-	182,410	-
State of Michigan	823,732	1,332,855	170,881
Oakland County	68,312	-	-
Accounts	502,708	11,957	23,489
Interest and other	106,582	58,939	4,547
Due from other funds	-	205,636	-
Inventories	-	-	130,100
Long-term receivables	-	-	67,176
<b>Total assets</b>	<b><u>\$ 33,521,274</u></b>	<b><u>\$ 18,194,542</u></b>	<b><u>\$ 4,756,392</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 131,672	\$ 1,010,191	\$ 27,127
Retainages payable	-	30,884	-
Accrued wages	233,550	13,371	31,086
Deposits and escrows	1,079,428	-	10,750
Due to other funds	-	-	-
Deferred revenue	12,646,693	1,071,905	1,184,502
Other liabilities	254,243	-	-
<b>Total liabilities</b>	<b>14,345,586</b>	<b>2,126,351</b>	<b>1,253,465</b>
<b>Fund Balances</b>			
Nonspendable			
Inventory	-	-	130,100
Restricted			
Road construction and maintenance	-	16,068,191	3,372,827
Fire service	-	-	-
Police protection	-	-	-
Pathway operations and maintenance	-	-	-
Drain improvements	-	-	-
Cemetery maintenance	-	-	-
Tree conservation and maintenance	-	-	-
Green space preservation	-	-	-
Debt service	-	-	-
Pathway construction	-	-	-
Fire vehicles and equipment	-	-	-
Committed			
Budget stabilization	1,000,000	-	-
Capital projects	-	-	-
Unassigned	18,175,688	-	-
<b>Total fund balances</b>	<b><u>\$ 19,175,688</u></b>	<b><u>\$ 16,068,191</u></b>	<b><u>\$ 3,502,927</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 33,521,274</u></b>	<b><u>\$ 18,194,542</u></b>	<b><u>\$ 4,756,392</u></b>

# City of Rochester Hills, Michigan

## Governmental Funds Balance Sheet December 31, 2010

Fire Fund	Special Police Protection Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,831,721	\$ 1,695,885	\$ 10,300,136	\$ 28,760,823
1,748,901	750,000	20,537,740	52,770,565
4,021,219	2,699,229	4,107,042	19,943,369
-	-	-	182,410
-	-	-	2,327,468
-	-	4,509	72,821
10,773	98,892	6,881	654,700
8,511	5,509	65,577	249,665
-	-	-	205,636
-	-	-	130,100
-	-	160,308	227,484
<b>\$ 8,621,125</b>	<b>\$ 5,249,515</b>	<b>\$ 35,182,193</b>	<b>\$ 105,525,041</b>
\$ 37,256	\$ 734,757	\$ 58,575	\$ 1,999,578
-	-	26,078	56,962
161,056	5,570	12,824	457,457
-	-	346,754	1,436,932
-	-	205,636	205,636
5,671,952	3,868,874	5,982,688	30,426,614
116,853	76,705	84,542	532,343
5,987,117	4,685,906	6,717,097	35,115,522
-	-	-	130,100
-	-	-	19,441,018
2,634,008	-	-	2,634,008
-	563,609	-	563,609
-	-	208,313	208,313
-	-	4,317,799	4,317,799
-	-	1,048,457	1,048,457
-	-	1,643,884	1,643,884
-	-	3,303,468	3,303,468
-	-	4,250,814	4,250,814
-	-	1,607,372	1,607,372
-	-	8,162,349	8,162,349
-	-	-	1,000,000
-	-	3,922,640	3,922,640
-	-	-	18,175,688
\$ 2,634,008	\$ 563,609	\$ 28,465,096	\$ 70,409,519
<b>\$ 8,621,125</b>	<b>\$ 5,249,515</b>	<b>\$ 35,182,193</b>	<b>\$ 105,525,041</b>



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## City of Rochester Hills, Michigan

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### Governmental Funds Reconciliation of Fund Balances to Statement of Net Assets December 31, 2010

**Total Fund Balances for Governmental Funds** \$ 70,409,519

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds 126,438,516

Special assessment receivables are not available to pay current year expenditures 227,484

Certain other receivables are expected to be collected over several years and are not available to pay for current year expenditures 2,017,661

Accrued interest in governmental activities are not reported in the funds (294,398)

Amortization of bond issuance costs are not reported in the funds (140,401)

Compensated absences in governmental activities are not reported in the funds (1,353,621)

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds payable	(26,012,564)
Net OPEB obligation	(130,843)

Internal Service Funds are included as part of governmental activities 57,546,600

**Net Assets of Government Activities** \$ 228,707,953

# City of Rochester Hills, Michigan

	General Fund	Major Road Fund	Local Street Fund
<b>Revenue</b>			
Property taxes	\$ 13,316,479	\$ -	\$ -
Licenses and permits	2,258,256	-	12,622
Intergovernmental:			
State grants	4,420,538	2,894,892	1,116,183
Federal grants	175,649	762,829	-
Other governmental revenues	-	325,000	40,000
Charges for services	5,572,165	235,646	11,702
Fines and forfeitures	22,027	-	-
Investment earnings	173,920	139,217	18,741
Special assessments	-	-	19,432
Refunds and other revenue	149,862	118,683	7,918
	<u>26,088,896</u>	<u>4,476,267</u>	<u>1,226,598</u>
Total revenue			
<b>Expenditures</b>			
Current:			
General government	7,076,133	-	-
Public works	830,349	-	-
Public safety	2,303,314	-	-
Community and economic development	887,169	-	-
Streets	-	2,004,402	3,136,758
Recreation and culture	2,716,013	-	-
Capital outlay	-	1,688,142	30,623
Debt service	-	-	-
	<u>13,812,978</u>	<u>3,692,544</u>	<u>3,167,381</u>
Total expenditures			
<b>Excess of Revenue Over (Under) Expenditures</b>	12,275,918	783,723	(1,940,783)
<b>Other Financing Sources (Uses)</b>			
Transfers in	28,283	352,389	3,070,640
Transfers out	(8,281,569)	(400,360)	(509,338)
Bond proceeds	-	-	-
Payment to refund bond escrow agent	-	-	-
	<u>(8,253,286)</u>	<u>(47,971)</u>	<u>2,561,302</u>
Total other financing sources (uses)			
<b>Net Change in Fund Balance</b>	4,022,632	735,752	620,519
<b>Fund Balances - Beginning of year</b>	<u>15,153,056</u>	<u>15,332,439</u>	<u>2,882,408</u>
<b>Fund Balances - End of year</b>	<u>\$ 19,175,688</u>	<u>\$ 16,068,191</u>	<u>\$ 3,502,927</u>



# City of Rochester Hills, Michigan

## Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance Year Ended December 31, 2010

Fire Fund	Special Police Protection Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,364,937	\$ 4,272,196	\$ 7,714,327	\$ 31,667,939
6,250	-	-	2,277,128
-	34,712	-	8,466,325
-	-	3,000	941,478
-	235,690	-	600,690
1,494,595	192,634	51,033	7,557,775
14,037	404,822	-	440,886
28,413	16,419	415,816	792,526
-	-	48,600	68,032
21,016	5,085	383,828	686,392
7,929,248	5,161,558	8,616,604	53,499,171
-	-	-	7,076,133
-	-	1,190,162	2,020,511
7,233,555	8,501,321	-	18,038,190
-	-	-	887,169
-	-	-	5,141,160
-	-	1,889,984	4,605,997
-	-	1,542,876	3,261,641
-	-	6,303,046	6,303,046
7,233,555	8,501,321	10,926,068	47,333,847
695,693	(3,339,763)	(2,309,464)	6,165,324
-	3,869,040	2,673,184	9,993,536
-	(349,600)	(603,879)	(10,144,746)
-	-	13,645,000	13,645,000
-	-	(13,726,779)	(13,726,779)
-	3,519,440	1,987,526	(232,989)
695,693	179,677	(321,938)	5,932,335
1,938,315	383,932	28,787,034	64,477,184
<b>\$ 2,634,008</b>	<b>\$ 563,609</b>	<b>\$ 28,465,096</b>	<b>\$ 70,409,519</b>

# City of Rochester Hills, Michigan

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## Governmental Funds

### Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities Year Ended December 31, 2010

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 5,932,335</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Capital outlay expenditures	3,261,641
Depreciation expenses	(6,311,440)
Net book value of capital assets disposed	-
The donation of capital assets is not considered a current financial resource and is not reported as revenue in the governmental funds	1,404,903
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(68,032)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	985,220
Accrued interest payable is recorded when due in governmental funds; in addition, bond issuance costs are amortized during the life of the bond	(66,578)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	4,848,247
The change in accumulated employee annual leave and vacation pay, as well as estimated general liability are recorded when earned in the statement of activities	2,167
The change in the net OPEB obligation is not included in governmental funds	(5,477)
Internal Service Funds are also included as governmental activities	<u>(583,435)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 9,399,551</u></b>

## City of Rochester Hills, Michigan

### Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance Year Ended December 31, 2010

	Enterprise Fund - Water and Sewer Fund	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,273,141	\$ 3,878,197
Investments	10,341,733	15,836,403
Receivables:		
Due from Federal Government	7,538	68,565
Due from County	3,769	-
Accounts	6,419,951	-
Accrued interest	41,729	38,603
Inventories	139,780	-
Prepaid costs and other assets	5,000	365,221
Total current assets	27,232,641	20,186,989
Noncurrent assets:		
Restricted assets - Assets held at the County	646,542	-
Capital assets - Net	111,925,895	40,843,812
Long-term receivable	779,359	-
Total assets	140,584,437	61,030,801
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	2,832,848	387,655
Retainages payable	59,549	25,661
Accrued wages	82,797	50,403
Accrued vacation	179,413	133,676
Accrued annual leave	99,391	37,695
Deposits and escrows	85,324	-
Accrued and other liabilities	-	55,446
Payable related to capital lease obligations:		
Current portion of capital lease obligations	174,572	225,000
Accrued interest	38,645	38,665
Total current liabilities	3,552,539	954,201
Noncurrent liabilities:		
Long-term debt-net current portion	3,997,497	2,530,000
Net OPEB obligation	26,155	-
Total noncurrent liabilities	4,023,652	-
Total liabilities	7,576,191	3,484,201
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	108,400,368	38,088,812
Unrestricted	24,607,878	19,457,788
Total net assets	\$ 133,008,246	\$ 57,546,600

# City of Rochester Hills, Michigan

## Proprietary Fund

### Statements of Revenue, Expenses, and Changes in Net Assets

Year Ended December 31, 2010

	Enterprise Fund -	
	Water and Sewer	Internal Service
	Fund	Fund
<b>Operating Revenue</b>		
Federal grant	\$ -	\$ 128,706
Charges for service	28,992,086	6,430,869
Other charges for services	18,620	136,871
Total operating revenue	29,010,706	6,696,446
<b>Operating Expenses</b>		
Cost of water produced/purchased	9,934,183	-
Cost of sewage treatment	5,654,849	-
Salaries and wages	3,204,460	1,938,855
Professional services	3,876,019	2,145,592
Public utilities	-	621,694
Material and supplies	269,634	230,093
Repairs and maintenance	48,933	870,205
Rentals	7,401	4,269
Depreciation and amortization	3,957,035	1,898,475
Total operating expenses	26,952,514	7,709,183
<b>Operating Income (Loss)</b>	2,058,192	(1,012,737)
<b>Nonoperating Revenue (Expenses)</b>		
Investment income	122,272	80,287
Interest expense	(120,506)	(121,820)
Bond issue expenses/escrow	(63,290)	-
Gain on disposal of capital assets	63	69,625
Total nonoperating revenue	(61,461)	28,092
<b>Income (Loss) - Before contributions and transfers</b>	1,996,731	(984,645)
<b>Capital Contributions</b>	2,643,995	250,000
<b>Transfers</b>		
Transfers ins	-	810,170
Transfer outs	-	(658,960)
Total transfers	-	151,210
<b>Change in Net Assets</b>	4,640,726	(583,435)
<b>Net Assets - Beginning of year</b>	128,367,520	58,130,035
<b>Net Assets - End of year</b>	<u>\$ 133,008,246</u>	<u>\$ 57,546,600</u>

## City of Rochester Hills, Michigan

### Proprietary Funds Statement of Cash Flows Year End December 31, 2010

	Enterprise - Water and Sewer	Internal Service Funds
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 29,168,261	\$ 6,296,469
Cash payments for goods and services	(19,899,836)	(3,609,885)
Cash payments to employees	(3,207,236)	(1,935,269)
Other operating revenue	-	198,130
Net cash provided by operating activities	6,061,189	949,445
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in from other funds	-	151,210
Noncapital grant advance refunded	-	(582,558)
Net cash provided by noncapital financing activities	-	(431,348)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Payment for capital acquisitions	(272,042)	(950,118)
Proceeds from sale of capital assets	63	77,801
Principal payments	(150,000)	(225,000)
Interest paid	(133,636)	(124,319)
Collection of capital and lateral charges	189,190	-
Net cash used in capital and related financing activities	(366,425)	(1,221,636)
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(11,339,490)	(17,081,403)
Proceeds from maturities of investment securities	5,811,834	15,163,534
Receipts of interest and dividends	131,401	82,518
Net cash used in investing activities	(5,396,255)	(1,835,351)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	298,509	(2,538,890)
<b>Cash and Cash Equivalents - January 1, 2010</b>	9,974,632	6,417,087
<b>Cash and Cash Equivalents - December 31, 2010</b>	<b>\$ 10,273,141</b>	<b>\$ 3,878,197</b>

(Continued on next page)

# City of Rochester Hills, Michigan

## Proprietary Fund Statement of Cash Flows (Continued) Year Ended December 31, 2010

	Enterprise - Water and Sewer	Internal Service Funds
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ 2,058,192	\$ (1,012,737)
Adjustments to reconcile operating loss to net cash from operating activities - Changes in assets and liabilities:		
Depreciation expense	3,957,035	1,898,475
Decrease in accounts receivable	176,175	-
Increase in other assets	(68,290)	(89,443)
Decrease in inventories	26,288	-
Increase (decrease) in accounts payable and other accrued expenses	(92,020)	191,350
Increase (decrease) in accrued wages, vacation, and annual leave	(2,333)	3,586
(Decrease) increase in other liabilities	<u>6,142</u>	<u>(41,786)</u>
 Total adjustments	 <u>4,002,997</u>	 <u>1,962,182</u>
 Net cash provided by operating activities	 <u>\$ 6,061,189</u>	 <u>\$ 949,445</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2010, the Water and Sewer Fund received approximately \$650,000 of lines donated by developers. In addition, Oakland County constructed \$3.9 million of sewer lines for the Oakland Macomb Interceptor project, of which the federal government subsidized \$2.0 million and the City incurred long term debt of \$1.9 million. The Internal Service Funds, specifically the Facilities Fund, received a \$250,000 donated building. The Water and Sewer Fund and the Internal Services Funds recognized \$1,489 and \$18,635, respectively, of unrealized gain in the market value of securities.

## City of Rochester Hills, Michigan

### Fiduciary Funds Statement of Net Assets December 31, 2010

	Retiree Health Care	
	Benefit Trust	Agency Funds
<b>Assets</b>		
Cash	\$ 137,043	\$ <b>4,210,274</b>
Investments - Asset allocation-Mutual funds	2,140,796	-
Total assets	<b>\$ 2,277,839</b>	<b>\$ 4,210,274</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 15,256
Due to other governments	-	4,110,902
Accrued and other liabilities	73	84,116
Total liabilities	<b>73</b>	<b>\$ 4,210,274</b>
<b>Net Assets - Held in trust for benefits</b>	<b>\$ 2,277,766</b>	

## City of Rochester Hills, Michigan

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### Fiduciary Funds – Trust Fund Statement of Changes in Fiduciary Net Assets Year Ended December 31, 2010

#### Additions

Investment income	\$ 213,441
Contributions-Employer	<u>155,640</u>
Total additions	369,081
Deductions - Benefit payments and other expenses	<u>130,646</u>
<b>Net Change in Net Assets</b>	238,435
<b>Net Assets - Beginning of year</b>	<u>2,039,331</u>
<b>Net Assets - End of year</b>	<u><u>\$ 2,277,766</u></u>



# City of Rochester Hills, Michigan

## Component Units Statement of Net Assets December 31, 2010

	Local Development Finance Authority	Economic Development Corporation	Automation Alley SmartZone Authority	Brownfield Redevelopment Authority	Rochester- Avon Recreation Authority	Older Persons' Commission	Total
<b>Assets</b>							
Cash and investments	\$ 1,831,171	\$ 2,208	\$ 373,654	\$ 172,294	\$ 1,397,269	\$ 1,539,036	\$ 5,315,632
Due from other governmental units	672,501	-	192,571	35,623	1,000	84,637	986,332
Receivables - Accrued interest and other	1,061	-	-	-	42,522	49,186	92,769
Inventories	-	-	-	-	11,213	-	11,213
Prepaid costs and other assets	-	-	-	-	-	27,796	27,796
Capital assets	-	-	-	-	49,474	15,033,747	15,083,221
<b>Total assets</b>	<b>2,504,733</b>	<b>2,208</b>	<b>566,225</b>	<b>207,917</b>	<b>1,501,478</b>	<b>16,734,402</b>	<b>21,516,963</b>
<b>Liabilities</b>							
Accounts payable	305,449	-	-	-	31,926	85,482	422,857
Accrued and other liabilities	1,781	-	-	-	17,037	57,079	75,897
Unearned revenue	672,501	-	192,570	35,623	157,924	133,562	1,192,180
Noncurrent liabilities:							
Due within one year	-	-	-	-	-	35,255	35,255
Due in more than one year	-	-	-	-	11,420	21,235	32,655
<b>Total liabilities</b>	<b>979,731</b>	<b>-</b>	<b>192,570</b>	<b>35,623</b>	<b>218,307</b>	<b>332,613</b>	<b>1,758,844</b>
<b>Net Assets</b>							
Invested in capital assets - Net of related debt	-	-	-	-	49,474	15,033,747	15,083,221
Unrestricted	1,525,002	2,208	373,655	172,294	1,233,697	1,368,042	4,674,898
<b>Total net assets</b>	<b>\$ 1,525,002</b>	<b>\$ 2,208</b>	<b>\$ 373,655</b>	<b>\$ 172,294</b>	<b>\$ 1,283,171</b>	<b>\$ 16,401,789</b>	<b>\$ 19,758,119</b>

# City of Rochester Hills, Michigan

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	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>
Local Development Finance Authority - Public service	\$ 512,303	\$ -	\$ 203,250
Economic Development Corporation	390	-	-
Automation Alley SmartZone Authority - Public service	31,264	-	-
Rochester-Avon Recreation Authority - Recreation and culture	2,040,406	1,327,926	-
Older Persons' Commission - Recreation and culture	<u>4,102,482</u>	<u>1,189,574</u>	<u>1,089,072</u>
Total governmental activities	<u><b>\$ 6,686,845</b></u>	<u><b>\$ 2,517,500</b></u>	<u><b>\$ 1,292,322</b></u>

General revenues:

Property taxes

Intergovernmental revenue

Unrestricted investment earnings

Miscellaneous

Total general revenues

**Change in Net Assets**

Net Assets - Beginning of year

Net Assets - End of year

## City of Rochester Hills, Michigan

### Component Units Statement of Activities Year Ended December 31, 2010

Net (Expense) Revenue and Changes in Net Assets						
Local Development Finance Authority	Economic Development Corporation	Automation Alley SmartZone Authority	Brownfield Redevelopment Authority	Rochester- Avon Recreation Authority	Older Persons' Commission	Total
\$ (309,053)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (309,053)
-	(390)	-	-	-	-	(390)
-	-	(31,264)	-	-	-	(31,264)
-	-	-	-	(712,480)	-	(712,480)
-	-	-	-	-	(1,823,836)	(1,823,836)
<b><u>\$ (309,053)</u></b>	<b><u>\$ (390)</u></b>	<b><u>\$ (31,264)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (712,480)</u></b>	<b><u>\$ (1,823,836)</u></b>	<b><u>\$ (2,877,023)</u></b>
861,931	-	404,653	37,970	-	-	1,304,554
-	-	-	-	774,350	1,710,739	2,485,089
8,410	-	236	137	10,974	10,853	30,610
-	-	-	-	7,476	48,280	55,756
<u>870,341</u>	<u>-</u>	<u>404,889</u>	<u>38,107</u>	<u>792,800</u>	<u>1,769,872</u>	<u>3,876,009</u>
561,288	(390)	373,625	38,107	80,320	(53,964)	998,986
<u>963,714</u>	<u>2,598</u>	<u>30</u>	<u>134,187</u>	<u>1,202,851</u>	<u>16,455,753</u>	<u>18,759,133</u>
<b><u>\$ 1,525,002</u></b>	<b><u>\$ 2,208</u></b>	<b><u>\$ 373,655</u></b>	<b><u>\$ 172,294</u></b>	<b><u>\$ 1,283,171</u></b>	<b><u>\$ 16,401,789</u></b>	<b><u>\$ 19,758,119</u></b>



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## **Notes to Financial Section**

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# City of Rochester Hills, Michigan

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## Notes to Financial Statements December 31, 2010

### Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Rochester Hills, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. 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 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 contract 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).

#### **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. During the current year, the City contributed \$19,054 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.

**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.

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

**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 13-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. The financial statements can be obtained from its administrative offices at 1000 Rochester Hills Drive, Rochester Hills, MI.
- b. The Economic Development Corporation (EDC) is governed by a 9-member board, appointed by the mayor and confirmed by the City Council. The EDC was created to provide a means and method for encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City. The City of Rochester Hills, Michigan has the ability to impose its will upon the EDC. The EDC may issue industrial revenue bonds as a means of providing financing for certain enterprises. In addition, the City Council sets the annual budget for EDC and EDC is presented as a government fund type. The financial statements can be obtained from its administrative offices at 1000 Rochester Hills Drive, Rochester Hills, MI.
- c. 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 percent of participating members, City of Rochester (29 percent), Rochester Community School District (14%) and Avondale School District (14%) are also member units of the R.A.R.A.

The governing body of the R.A.R.A. consists of a total of 7 members that include one Council member and two Council-appointed residents from the City of



# City of Rochester Hills, Michigan

## Notes to Financial Statements

December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

Rochester Hills, one Council member and one Council-appointed resident from the 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 R.A.R.A. and the City of Rochester Hills. R.A.R.A.'s financial statements can be obtained from its administrative offices at 108 East Second Street, Rochester, MI.

- d. 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 68 percent participating member, Oakland Township (20 percent) and the City of Rochester (12 percent) are also member units of the O.P.C.

The governing body of the O.P.C. consists of 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 O.P.C. and the City of Rochester Hills. O.P.C.'s financial statements can be obtained from its administrative offices at 650 Letica Dr., Rochester, MI.

- e. The Brownfield Redevelopment Authority (the "Brownfield Authority") 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. In addition, the City Council sets the annual budget for the Brownfield Authority. The Brownfield Authority is presented as a government fund type and its financial statements can be obtained from its administrative offices at 1000 Rochester Hills Drive, Rochester Hills, MI.
- f. The Automation Alley SmartZone Authority was created to foster new economic growth and development by establishing clusters of technology companies. The program also seeks to develop relationships between these businesses and

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

universities by providing businesses resources and accessibility to university facilities for the purpose of commercializing research. The Automation Alley SmartZone Authority is governed by a 13-member board, which is appointed by the mayor and confirmed by the City Council. The City of Rochester Hills has the ability to impose its will upon the Automation Alley SmartZone and the City Council sets the annual budget for the SmartZone. The Authority's financial statement can be obtained from its administrative office at 1000 Rochester Hills Dr, Rochester Hills, MI.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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 are reported as separate columns in the fund financial statements.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. The agency fund has no measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments, certain federal grants, and funds due from Oakland County will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following 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 major road systems.
- c. The Local Street Fund accounts for the State of Michigan Public Act 51 monies that are used to construct and maintain local streets system.

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

- 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.

The City reports the following major proprietary fund:

The Water and Sewer Fund records maintenance and operations for water and sewer this is provided for City residents and businesses that is financed primarily through user charges.

Additionally, the City reports the following fund types:

- a. Internal Service Funds account for costs of operating and maintaining the land, buildings, machinery, equipment, technology, and vehicle purchases of the City, as well as risk management services provided to other departments of the City on a cost reimbursement basis.
- b. The Trust and Agency Funds account for assets held by the City in a trustee capacity for employee postemployment health care benefits and tax collections of the City and other taxing jurisdictions, as well as payroll related liabilities. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. At Rochester Hills, the Agency Funds account for tax collections of the City and other taxing jurisdictions, as well as payroll related liabilities.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Capital and lateral charges are intended to recover the cost of the infrastructure and are recognized as non-operating revenue. 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.

#### Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2009 tax is levied and collectible on December 1, 2009 and is recognized as revenue in the year ended December 31, 2010, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2009 taxable valuation of the City totaled approximately \$3.6 billion (of which approximately \$61.1 million and \$.9 million is captured by the LDFA and Brownfield Authority, respectively), on which taxes are levied as follows:

<u>Function</u>	<u>Mills</u>	<u>Dollars</u>
General operating purposes	3.7545	\$ 13,501,499
Fire operating services	1.8000	6,472,952
Police protection services	1.2083	4,345,149
OPC operating and transportation	0.3294	1,184,550
R.A.R.A. operating	0.1950	701,236
Pathway maintenance	0.1858	668,153
Debt service	1.1535	4,148,084
Green space preservation	0.2972	1,068,756

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue. In addition, there are .7823 mills that are collected by the City for library operations.

#### **Assets, Liabilities, and Net Assets or Equity**

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

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**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 and 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 8 for additional discussion.

**Capital Assets** - Capital assets, which include property, plant, 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 \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Roads	20 years
Drainage flow rights	40 years
Water and sewer distribution systems	50 years
Buildings	50 years
Land improvements	10 to 15 years
Building improvements	10 years
Other tools and equipment	5 to 10 years
Vehicles	5 to 12 years
Office furnishings	3 to 5 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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 1 - Summary of Significant Accounting Policies (Continued)

discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Other Postemployment Benefit (OPEB) Costs** – The City offers retiree healthcare benefit to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) 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 current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year unpaid amounts, if any.

**Fund Equity** – The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance represents amounts that are not in a spendable form. The City’s nonspendable fund balance represents inventories. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose. Committed fund balance represents funds formally set aside by the City Council for a particular purpose. The use of committed funds would be approved by City Council 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.



**Note 1 - Summary of Significant Accounting Policies (Continued)**

Assigned fund balance would represent tentative management plans that are subject to change which at the present time the City does not have any assigned fund balance. The City's intent would be to spend uncommitted/unassigned funds prior to the use of committed funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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 Councils Fund Balance Policy included that retained earnings of Internal Service Funds will be maintained at a minimum of twenty percent of operating revenues and the Water and Sewer Fund's retained earnings be maintained at a minimum of twenty five percent of operating revenue. Funds with a special purpose (Debt Service, Perpetual Care, Capital, Tree Fund, and Green Space Preservation) are exempted from this policy due to the nature of their individual function.

**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 - Stewardship, Compliance, and Accountability**

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

# City of Rochester Hills, Michigan

## Notes to Financial Statements

December 31, 2010

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

Cumulative shortfall at January 1, 2010		\$	(4,779,429)
Building permit revenue			1,410,615
Related expenses:			
Direct expenses	\$	1,412,867	-
Estimated indirect costs		<u>211,930</u>	<u>1,624,797</u>
Current year shortfall			<u>(214,182)</u>
Cumulative shortfall at December 31, 2010		\$	<u><u>(4,993,611)</u></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 in 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.

Legislation was passed and signed by the Governor that allows a Municipality the ability to invest in CDARS (Certificate of Deposit Registry Service). This program allows each public entity to have up to \$50 million of FDIC coverage of Certificate of Deposits (CD's) through one bank, at one rate and on one statement. A participating bank would accept a deposit and invest it in certificate of deposits in increments of under \$250,000 (principal and interest) with however many participating institutions it takes to maintain total FDIC insurance coverage. The FDIC Deposit Insurance Coverage limits for each FDIC insured bank has been increased from \$100,000 to \$250,000 effective October 3, 2008 through December 2009. As of May 20, 2009 FDIC insured institutions are now insured up to at least \$250,000 per depositor. The funds remain local with the primary Michigan bank trading funding (CD) deposits with other banks across the country. This risk

**Note 3 - Deposits and Investments (Continued)**

mitigation method comes at a time when municipalities are seeking greater insured coverage of their investment assets. By December 31, 2009, the City transformed its entire Certificate of Deposit portfolio to fully FDIC insured and remains fully insured as of December 31, 2010.

The City has designated 13 banks for the deposit of its funds. The investment policy adopted by the City 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.

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

**Custodial Risk on Investments**

The City's Investment Policy states that "The City will minimize custodial risk by: Using financial institutions and brokers meeting pre-established criteria; Holding all securities in the name of the City of Rochester Hills." The City's Annual Depository Resolution lists qualified Broker/Dealer/Safekeeping institutions for the purchase and safekeeping of commercial paper and US Government obligations. All security transactions entered into by the city 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, 2010, \$28,451,608 in U.S. Government obligations are held in third-party safekeeping in the City's name. The City's three Investment Pool Accounts have their securities safe kept with a third-party selected by the counterparty. 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.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires that all financial institutions utilized by the City maintain an office within the state of Michigan and meet certain requirements and financial criteria. At year-end, the City had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the current economic climate and the availability of the CDARS program, it has become prudent to have FDIC insure our Certificate of Deposits portfolio up to the \$50 million dollar

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 3 - Deposits and Investments (Continued)

limit. Bank of America participated in the FDIC Transaction Account Guarantee Program, which provided coverage for non-interest bearing transaction deposit accounts at FDIC insured institutions until December 31, 2012. Therefore, the City's non-interest bearing checking account was fully insured through December 31, 2010. Due to the size and nature of our investment portfolio, dollars amounts of cash deposits and the limits of FDIC insurance dollar amounts of cash deposits and the limits of FDIC insurance, it may be impractical at 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. The City of Rochester Hills began purchasing CDARS in January 2009 as another means of mitigating our uninsured exposure with certificates of deposits.

The component units had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized.

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities to the extent the funds are matched to a specific cash flow other than commercial paper that can only be purchased to a maximum maturity of 270-days. Unless matched to a specific cash flow, the City will directly invest in securities maturing more than two years from the date of purchase. The City's 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 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:

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 3 - Deposits and Investments (Continued)

<u>Investments</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
Government agency securities	\$ 28,496,610	349 days
MI CLASS Investment Pool	18,582,078	1 day
Federated Investment Pool	3,517,768	1 day
Ambassador Capital Investment Pool	9,028,757	1day

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's 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. All of the investment pool accounts are Stable NAV Government Investment Pools that seek to preserve the value of the investment at \$1.00 per share. Since the City began using the listed investment pools, the NAV's have been \$1.00 per share. As of year-end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investments</u>	<u>Market Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Government agency securities	\$ 28,496,610	AAA	Standard and Poor's
MI CLASS Investment Pool	18,582,078	AAAm	Standard and Poor's
Federated Investment Pool	3,517,768	AAAm	Standard and Poor's
Ambassador Capital Investment Pool	9,028,757	AAAm	Standard and Poor's

#### Concentration of Credit Risk

The City's 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, Michigan

## Notes to Financial Statements

December 31, 2010

### Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and the governmental activities also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ -	\$ 28,137,516
Special assessments	227,484	-
State-shared revenue	823,732	-
Federal grant	1,071,905	-
Other	<u>122,024</u>	<u>43,953</u>
Total deferred revenue	<u>\$ 2,245,145</u>	<u>\$ 28,181,469</u>

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets

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

<b>Governmental Activities</b>	Balance January 1, 2010	Additions	Disposals and Adjustments	Balance December 31, 2010
Capital assets not being depreciated:				
Land	\$ 21,008,560	\$ 112,358	\$ -	\$ 21,120,918
Right of way	<u>46,535,984</u>	<u>75,577</u>	<u>-</u>	<u>46,611,561</u>
Subtotal	67,544,544	187,935	-	67,732,479
Capital assets being depreciated:				
Roads	106,671,291	2,998,365	-	109,669,656
Drain flowage rights	30,772,175	-	-	30,772,175
Land improvements	15,918,201	1,545,570	-	17,463,771
Building and building improvements	29,319,512	434,727	36,749	29,717,490
Vehicles	10,681,872	470,365	385,891	10,766,346
Office furnishings	5,521,312	27,861	19,187	5,529,986
Other tools and equipment	<u>5,201,129</u>	<u>229,003</u>	<u>212,013</u>	<u>5,218,119</u>
Subtotal	204,085,492	5,705,891	653,840	209,137,543
Accumulated depreciation:				
Roads	53,087,525	4,331,243	-	57,418,768
Drain flowage rights	13,250,349	769,304	-	14,019,653
Land improvements	9,757,787	885,499	-	10,643,286
Building improvements	10,533,010	879,028	29,903	11,382,135
Vehicles	6,563,019	807,122	385,891	6,984,250
Office furnishings	5,243,489	161,672	19,187	5,385,974
Other tools and equipment	<u>3,586,658</u>	<u>376,048</u>	<u>209,077</u>	<u>3,753,629</u>
Subtotal	<u>102,021,837</u>	<u>8,209,916</u>	<u>644,058</u>	<u>109,587,695</u>
Net capital assets being depreciated	<u>102,063,655</u>	<u>(2,504,025)</u>	<u>9,782</u>	<u>99,549,848</u>
Net capital assets	<u>\$ 169,608,199</u>	<u>\$ (2,316,090)</u>	<u>\$ 9,782</u>	<u>\$ 167,282,327</u>

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance January 1, 2010	Additions	Disposals and Adjustments	Balance December 31, 2010
Capital assets not being depreciated:				
Land	\$ 4,958,172	\$ -	\$ -	\$ 4,958,172
Construction in progress	<u>-</u>	<u>3,335,004</u>	<u>-</u>	<u>3,335,004</u>
Subtotal	4,958,172	3,335,004	-	8,293,176
Capital assets being depreciated:				
Water and sewer distribution systems	153,076,289	668,382	-	153,744,671
Land improvements	205,331	-	-	205,331
Building and building improvements	13,768,180	22,595	-	13,790,775
Office furnishings	105,600	-	-	105,600
Other tools and equipment	<u>8,258,728</u>	<u>28,272</u>	<u>-</u>	<u>8,287,000</u>
Subtotal	175,414,128	719,249	-	176,133,377
Accumulated depreciation:				
Water and sewer distribution systems	61,243,550	3,068,101	-	64,311,651
Land improvements	192,046	3,456	-	195,502
Building improvements	1,118,569	280,170	-	1,398,739
Office furnishings	47,059	19,089	-	66,148
Other tools and equipment	<u>5,942,400</u>	<u>586,218</u>	<u>-</u>	<u>6,528,618</u>
Subtotal	68,543,624	3,957,034	-	72,500,658
Net capital assets being depreciated	<u>106,870,504</u>	<u>(3,237,785)</u>	<u>-</u>	<u>103,632,719</u>
Net capital assets	<u>\$ 111,828,676</u>	<u>\$ 97,219</u>	<u>\$ -</u>	<u>\$ 111,925,895</u>



# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets (Continued)

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

<b>Component Units</b>	Balance January 1, 2010	Additions	Disposals and Adjustments	Balance December 31, 2010
Land	\$ 2,790,244	\$ -	\$ -	\$ 2,790,244
Capital assets being depreciated:				
Building	12,673,141	-	-	12,673,141
Building improvements	1,167,507	40,590	-	1,208,097
Land improvements	15,667	3,180	-	18,847
Furniture, equipment, and other	1,978,841	39,607	6,152	2,012,296
Vehicles	<u>844,489</u>	<u>140,818</u>	<u>27,677</u>	<u>957,630</u>
Subtotal	16,679,645	224,195	33,829	16,870,011
Less accumulated depreciation	<u>4,051,681</u>	<u>559,182</u>	<u>33,829</u>	<u>4,577,034</u>
Net capital assets being depreciated	<u>12,627,964</u>	<u>(334,987)</u>	<u>-</u>	<u>12,292,977</u>
Net capital assets	<u>\$ 15,418,208</u>	<u>\$ (334,987)</u>	<u>\$ -</u>	<u>\$ 15,083,221</u>

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

Governmental activities:	
General government	\$ 52,897
Public works	5,946,360
Public safety	838,311
Recreation and culture	528,855
A portion of internal service fund depreciation is charged to various functions based on their usage of the asset	<u>843,493</u>
Total governmental activities	<u>\$ 8,209,916</u>
Business-type activities:	
Water	\$ 2,229,449
Sewer	<u>1,727,585</u>
Total business-type activities	<u>\$ 3,957,034</u>

# City of Rochester Hills, Michigan

## Notes to Financial Statements

December 31, 2010

### Note 5 - Capital Assets (Continued)

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

	Total Contract Amount	Remaining Commitment
Road improvements	\$ 6,693,732	\$ 1,508,224
Drain and pathway improvements	1,416,198	203,362
Facility improvements	275,965	79,616
Water and sewer infrastructure	<u>3,974,930</u>	<u>2,781,385</u>
Total	<u>\$ 12,360,825</u>	<u>\$ 4,572,587</u>

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Major Roads	Public Improvement - Drains	\$ 141,293
Major Roads	Pathway Construction	<u>64,343</u>
	Total	<u>\$ 205,636</u>

This balance results from the time lag between the dates that payments are made between funds.

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

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

General Fund	Major Road Fund	\$ 352,389
	Local Street Fund	2,670,280
	Special Police Fund	3,869,040
	Nonmajor governmental funds	953,660
	Internal Service - Facilities Fund	<u>436,200</u>
	Total General Fund	8,281,569
Major Road Fund	Local Road Fund	400,360
Local Street Fund	Nonmajor governmental funds	509,338
Special Police Fund	Internal Service - Facilities Fund	349,600
Nonmajor governmental funds	General Fund	28,283
	Nonmajor governmental funds	<u>575,596</u>
	Total nonmajor governmental funds	603,879
Internal Service - Facilities Fund	Nonmajor governmental funds	634,590
	Internal Service - Management Information Systems	<u>24,370</u>
	Total nonmajor governmental funds	658,960
	Total	<u>\$ 10,803,706</u>

The transfers from the General Fund and non-major governmental funds to the Major and Local Road Funds, Special Police Protection Fund, additional non-major governmental funds, and Facilities Fund represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations; the transfer from the Local Street Fund and Special Police Fund to non-major governmental funds represents the movement of resources to be used to service debt; and the transfer from nonmajor governmental funds represents resources for pathway improvements, computer related equipment and used to service debt.

# City of Rochester Hills, Michigan

## Notes to Financial Statements

December 31, 2010

### Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds:					
Building Authority Bonds, Series 2002 payable through 2011 with interest at 3.12% to 4.25%	\$ 7,400,000	\$ -	\$ (7,000,000)	\$ 400,000	\$ 400,000
Building Authority Refunding Bonds, Series 2010 payable through 2021 with interest at 2.0% to 4.0%	-	6,775,000	-	6,775,000	100,000
General Obligation Limited Tax Capital Improvement Bond, Series 2002 payable through 2017 with interest at 3% to 4.5%	3,200,000	-	(300,000)	2,900,000	350,000
General Obligation Unlimited Tax Bonds, OPC, Series 2001 payable through 2021 with interest at 3.5% to 5%	7,370,000	-	(7,370,000)	-	-
General Obligation Unlimited Tax Refunding Bonds, OPC, Series 2010 payable through 2021 with interest at 2.0% to 4.5%	-	6,870,000	-	6,870,000	500,000
Michigan Transportation Fund Bond, MTF-2001 Series payable through 2016 with interest at 4.25% to 4.6%	1,575,000	-	(200,000)	1,375,000	200,000
Refunding Bond, payable through 2010 with interest at 3.9% to 4.9%	1,335,000	-	(1,335,000)	-	-
<b>County Contractual Obligations:</b>					
Ireland Drain, payable through 2010 with interest at 7.42%	150,747	-	(150,747)	-	-
Crake Drain Refunding, payable through 2011 with interest at 1.50% to 3.55%	300,328	-	(152,405)	147,923	147,923
Lueders Drain, payable through 2011 with interest at 4.25% to 5%	751,430	-	(368,800)	382,630	382,630
Lueders Drain #2, payable through 2011 with interest at 4% to 6%	250,000	-	(125,000)	125,000	125,000
McIntyre Drain, payable through 2013 with interest at 2.75% to 5.20%	360,379	-	(83,923)	276,456	88,860
Hampton Drain, payable through 2013 with interest at 2.75% to 5.2%	256,968	-	(59,960)	197,008	64,243
Bishop Drain, payable through 2013 with interest at 2.8% to 5.3%	475,000	-	(100,000)	375,000	125,000
Chester Drain Refunding, payable through 2013 with interest at 1.25% to 2.75%	705,000	-	(190,000)	515,000	185,000
Robert Huber Drain, payable through 2014 with interest at 3.3% to 2%	580,000	-	(105,000)	475,000	125,000
Wolf Drain, payable through 2013 with interest at 4% to 4.7%	1,630,959	-	(377,412)	1,253,547	395,384
Rewold Drain, payable through 2025 with interest at 3% to 4.3%	2,720,000	-	(125,000)	2,595,000	130,000
Oakland County Building Authority, Building Authority Bonds, Series 2002A payable through 2020 with interest at 3.0% to 4.625%	2,980,000	-	(225,000)	2,755,000	225,000

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 7 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Special Assessment Bonds:</b>					
Public Improvement City Share Bonds, 1995 Series payable through 2010 with interest at 4.25% to 5.5%	50,000	-	(50,000)	-	-
Public Improvement Special Assessment Bonds, 1995 Series payable through 2010 with interest at 4.25% to 5.5%	125,000	-	(125,000)	-	-
Public Improvement City Share Bonds, 2001 Series payable through 2016 with interest at 2.6% to 4.7%	750,000	-	(75,000)	675,000	100,000
Public Improvement Special Assessment Bonds, 2001 Series payable through 2016 with interest at 3.0% to 4.7%	750,000	-	(75,000)	675,000	75,000
<b>Total bond obligations</b>	<b>33,715,811</b>	<b>13,645,000</b>	<b>(18,593,247)</b>	<b>28,767,564</b>	<b>3,719,040</b>
<b>Tax Tribunal</b>					
Net OPEB Obligations - General Fund and Fire Fund	480,614	246,812	(204,111)	523,315	-
Compensated absences - Governmental activities	125,366	139,106	(133,629)	130,843	-
Compensated absences - Internal Service	1,355,788	1,142,480	(1,144,647)	1,353,621	890,474
	170,234	146,701	(145,565)	171,370	124,051
<b>Total other long-term obligations</b>	<b>2,132,002</b>	<b>1,675,099</b>	<b>(1,627,952)</b>	<b>2,179,149</b>	<b>1,014,525</b>
<b>Total governmental activities</b>	<b>35,847,813</b>	<b>15,320,099</b>	<b>(20,221,199)</b>	<b>30,946,713</b>	<b>4,733,565</b>
<b>Business-type Activities</b>					
Oakland County Water and Sewage Disposal System Bonds, Series 2005 payable through 2022 with interest at 4.0% to 4.4%	\$ 3,250,000	\$ -	\$ (975,000)	\$ 2,275,000	\$ 150,000
Oakland-Macomb Interceptor Drain Drainage District-Drain Bonds, Series 2010B payable through 2030 with interest at 1.15% to 5.9%	-	866,484	-	866,484	24,572
Oakland-Macomb Interceptor Drain Drainage District-Drain Bonds, Series 2010A payable through 2030 with interest at 2.5%	-	1,030,585	-	1,030,585	-
Net OPEB Obligations - Water and Sewer	30,334	28,115	(32,294)	26,155	-
Compensated absences - Water and Sewer	287,160	266,054	(274,410)	278,804	257,427
<b>Total business-type activities</b>	<b>\$ 3,567,494</b>	<b>\$ 2,191,238</b>	<b>\$ (1,281,704)</b>	<b>\$ 4,477,028</b>	<b>\$ 431,999</b>
<b>Component Units</b>					
Tax Tribunal	\$ 28,135	\$ 13,666	\$ (10,750)	\$ 31,051	\$ -
Compensated absences - OPC	39,827	34,179	(37,147)	36,859	35,255
<b>Total component units</b>	<b>\$ 67,962</b>	<b>\$ 34,179</b>	<b>\$ (47,897)</b>	<b>\$ 67,910</b>	<b>\$ 35,255</b>

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 3,719,040	\$ 1,026,554	\$ 4,745,594	\$ 174,572	\$ 217,589	\$ 392,161
2012	3,220,889	901,622	4,122,511	335,493	209,093	544,586
2013	3,272,635	790,906	4,063,541	339,891	198,223	538,114
2014	2,535,000	695,372	3,230,372	344,417	187,097	531,514
2015	2,600,000	604,881	3,204,881	348,944	175,660	524,604
2016-2020	10,790,000	1,615,432	12,405,432	1,692,049	679,509	2,371,558
2021-2025	2,630,000	148,131	2,778,131	633,433	343,419	976,852
2026-2030	-	-	-	303,270	138,260	441,530
	<u>\$ 28,767,564</u>	<u>\$ 5,782,898</u>	<u>\$ 34,550,462</u>	<u>\$ 4,172,069</u>	<u>\$ 2,148,850</u>	<u>\$ 6,320,919</u>

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 7 - Long-term Debt (Continued)

During the year, the Oakland-Macomb Interceptor Drainage District (OMID) issued county bonds in the amount of \$6.7 million of which \$866,484 is the City's share. The OMID Series 2010B bond proceeds are being used to improve and repair the OMID Interceptor. These 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. The City's total tax credit over the next 20 years will be \$254,714.

Also, the OMID was approved for \$42 million of loans in which \$16 million of the debt will be federally forgiven and \$26 million are loans from the Michigan State Revolving Fund (SRF) (OMID Series 2010A). The City's portion of the forgiven debt has been recognized as contributed capital in the amount of \$2.1 million. As of year end the City's portion of the draws from the SRF was \$1 million.

#### **Advance and Current Refundings**

During the year, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At December 31, 2010, \$13,920,000 of current year bonds outstanding is considered defeased. Additionally, in prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At December 31, 2010, \$1,796,786 of prior bonds outstanding is considered defeased.

The total considered defeased as of December 31, 2010 is \$15,716,786. 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** - 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 described above. The remaining principal and interest to be paid on the bonds is \$7,439,616. During the current year, net revenue generated by property tax millages was \$2,108,172 compared to the annual debt requirements of \$2,143,153.

**Note 7 - Long-term Debt (Continued)**

**Contract Bond** - The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer contract bond. Proceeds from the bonds provided financing for the extension of water and sewer mains. 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 \$5,323,739. During the year, net operating revenues of the system were approximately \$6,016,738 compared to the annual debt requirements of \$283,636.

**Note 8 - Restricted Assets**

Assets held at the County represent the City's unspent portion of bond proceeds held for the improvement of the water and sewer system in the amount of \$646,542. 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 9 - Risk Management**

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

# City of Rochester Hills, Michigan

## Notes to Financial Statements

December 31, 2010

### Note 9 - Risk Management (Continued)

Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

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:

	<u>2010</u>	<u>2009</u>
Estimated liability - Beginning of year	\$ 117,688	\$ 103,473
Estimated claims incurred, including changes in estimates	(32,443)	44,653
Claims payments	<u>(32,063)</u>	<u>(30,438)</u>
Estimated liability - End of year	<u>\$ 53,182</u>	<u>\$ 117,688</u>
Estimated liability for claims reported	\$ 35,182	\$ 24,665
Estimated liability for claims incurred but not reported	<u>18,000</u>	<u>93,023</u>
Total estimated liability	<u>\$ 53,182</u>	<u>\$ 117,688</u>

### Note 10 - 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. 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 to 14 percent of employees' gross earnings, certain employee groups have a mandatory 1 or 3 percent employee match, and any participant can match City contributions at their discretion. In accordance with these requirements, the City contributed \$2,089,974 during the current year, employees' mandatory contributions were \$416,324, and employee voluntary contributions were \$14,541. The City's contributions for each employee (plus interest allocated to the employee's account) are fully vested after five years of continuous service.



**Note 11 - 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 (the Plan). Benefits are provided to all eligible retired employees by providing them with a funding source to assist with the purchase of health care benefits. Currently the plan consists of 225 members that include active employees and terminated employees or beneficiaries currently receiving the benefit.

The Plan consists of two parts. The primary component, the Retiree Health Savings (RHS) Plan, is available to all eligible employees after they have completed six months of full-time service with the City. This component allows retirees to purchase health care coverage. The second component, the Supplement Benefit program (Supplemental Benefit Plan), is a closed program and is only available to employees who met certain criteria at March 12, 2001. The supplemental benefit program has previously been fully funded and made a required ACR payment for the implicit rate subsidy program per the actuarial valuation.

The RHS Plan is single employer defined contribution plan administered by the City through ICMA-RC. Benefits are provided to 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 medical expenses at retirement.

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 ICMA-RC. Benefits are provided to eligible retirees that have met certain criteria at March 12, 2001. Benefits under this program are defined payments, based on years of service, made to cover medical insurance premiums.

Both the RHS and the Supplemental Benefit Plans do not issue separate stand-alone financial statements and administrative costs are paid through employer and or employee contributions.

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 11 - Other Postemployment Benefits (Continued)

**Funding policy:** The RHS Plan is funded by City contributions and tax-free mandatory employee contributions. The value of participant accounts, are dependent on the accumulation of employer and employee contributions as well as investment earnings of each participants directed investments. The City contributes to the health savings plan on a monthly basis a minimum of 3 percent. Certain employees groups who have accrued more than 40 unused annual leave hours must contribute the equivalent of up to 16 hours per year to the health savings plan and other groups have a mandatory percent contribution. Benefits paid out depend solely on amounts contributed to the plan plus investment earnings. During the year the City contributed, from various funds, \$542,390 to the RHS Plan and employee mandatory contributions were \$96,201.

The City has established a Retiree Health Care Benefit Trust per P.A. 149 to assist with prefunding the Supplement Benefit Plan and the Implicit Rate Subsidy for retiree medical benefits. The Retiree Health Care Benefit Trust is 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 ICMA-RC. The investment fiduciaries shall invest the Retiree Health Care Benefit Trust in accordance with P.A. 314 of 1965, as amended. The City contributed the Annual Required Contribution (ARC) for the supplemental benefit program following the one year schedule and the ARC payment for the implicit rate subsidy following the thirty year schedule. All future benefits required under the Supplemental Benefit Plan, including administrative, will come from the Trust Fund. Expenditures for postemployment healthcare costs for employees participating in the supplemental benefit plan are paid as the applicable costs are incurred. During the year, this amounted to \$61,313.

**Funding progress:** The City has made contributions in 2010 using the actuarial valuation. The ARC payment following the thirty year schedule was approximately \$156,000 for the implicit rate subsidy to the Trust. An updated actuarial valuation was completed in 2010. This valuation's computed contributions and funding are summarized as follows:

# City of Rochester Hills, Michigan

## Notes to Financial Statements December 31, 2010

### Note 11 - Other Postemployment Benefits (Continued)

	Governmental Activities	Water & Sewer Fund	Total
Annual required contribution	\$ 132,838	\$ 26,598	\$ 159,436
Interest on the prior year's net OPEB Obligation	6,268	1,517	7,785
Adjustment to the ARC	<u>(8,329)</u>	<u>(1,954)</u>	<u>(10,283)</u>
Annual OPEB cost	130,777	26,161	156,938
Amounts contributed	<u>(125,300)</u>	<u>(30,340)</u>	<u>(155,640)</u>
Increase in net OPEB obligation	5,477	(4,179)	1,298
OPEB obligation - Beginning of year	<u>125,366</u>	<u>30,334</u>	<u>155,700</u>
OPEB obligation - End of year	<u>\$ 130,843</u>	<u>\$ 26,155</u>	<u>\$ 156,998</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Annual required contribution	\$ 2,129,343	\$ 155,700	\$ 159,436
Annual OPEB Costs	2,129,343	241,863	156,938
Employer contributions	91,026	2,124,480	155,640
Percentage of ARC contributed	4.3%	1364.4%	97.6%
Percentage of OPEB costs contributed	4.3%	878.4%	99.0%
Net OPEB obligation	<u>\$ 2,038,317</u>	<u>\$ 155,700</u>	<u>\$ 156,998</u>

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of:	<u>January 1, 2008</u>	<u>January 1, 2010</u>
Actuarial value of assets	\$ -	\$ 2,039,331
Actuarial accrued liability	<u>3,509,633</u>	<u>3,475,690</u>
Unfunded AAL	<u>\$ 3,509,633</u>	<u>\$ 1,436,359</u>
Fund ratio	-	
Annual covered payroll	<u>\$ 14,587,949</u>	
Ratio of UAAL to covered payroll	9.85%	

# City of Rochester Hills, Michigan

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## Notes to Financial Statements

December 31, 2010

### Note 11 - Other Postemployment Benefits (Continued)

**Actuarial methods and assumptions:** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation of the market value of assets were used as the funding value. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), that is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 6 percent in year 2018. The UAAL is being amortized using a level dollar over an open thirty year period for the implicit rate subsidy related to the RHS plan.

## Required Supplemental Information

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## City of Rochester Hills, Michigan

### Required Supplemental Information Budgetary Comparison Schedule – General Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Property taxes	\$ 13,229,870	\$ 13,310,410	\$ 13,316,479	\$ 6,069
Federal sources	142,730	189,240	175,649	(13,591)
State sources	4,500,000	4,375,000	4,420,538	45,538
Fees and permits	1,442,390	2,015,400	2,258,256	242,856
Fines and forfeitures	8,000	21,180	22,027	847
Charges for services	5,665,840	5,459,160	5,572,165	113,005
Investment earnings	628,000	180,000	173,920	(6,080)
Other	254,530	131,560	143,449	11,889
Sale of assets	-	6,300	6,413	113
Transfer in other funds	-	58,910	28,283	(30,627)
Total revenues	25,871,360	25,747,160	26,117,179	370,019
<b>Expenditures</b>				
General government:				
City Council	155,710	228,830	189,095	39,735
City administration	4,048,160	3,830,980	3,691,596	139,384
Clerk	1,294,850	1,157,420	1,056,128	101,292
Assessing	1,289,720	1,484,600	1,321,233	163,367
Human resources	756,430	687,910	656,619	31,291
Support services	187,110	153,080	161,462	(8,382)
Public works:				
City development	660,730	645,070	612,378	32,692
Cemetery	241,580	237,810	217,971	19,839
Public safety:				
Building	2,572,300	2,311,790	2,247,740	64,050
Crossing guard	54,230	60,060	55,574	4,486
Community and economic development:				
Planning	911,290	738,340	695,098	43,242
Community development block grant	142,730	189,240	192,071	(2,831)
Recreation and culture:				
Parks and recreation	2,866,370	2,851,990	2,707,959	144,031
Historic district commission	10,170	11,360	8,054	3,306
Transfers to other funds	10,679,980	8,282,070	8,281,569	501
Total expenditures	25,871,360	22,870,550	22,094,547	776,003
<b>Excess of Revenue Over Expenditures</b>	-	2,876,610	4,022,632	1,146,022
Fund Balance - Beginning of year	13,288,047	15,153,056	15,153,056	-
Fund Balance - End of year	<b>\$ 13,288,047</b>	<b>\$ 18,029,666</b>	<b>\$ 19,175,688</b>	<b>\$ 1,146,022</b>

# City of Rochester Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule – Major Road Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
State sources	\$ 2,772,410	\$ 2,875,060	\$ 2,894,892	\$ 19,832
Federal grant	-	1,897,560	762,829	(1,134,731)
Other governmental sources	370,300	325,000	325,000	-
Charges for services	222,500	230,920	235,646	4,726
Investment earnings	230,000	135,000	139,217	4,217
Other	25,500	117,000	118,683	1,683
Transfer from other funds	<u>352,890</u>	<u>352,890</u>	<u>352,389</u>	<u>(501)</u>
Total revenues	3,973,600	5,933,430	4,828,656	(1,104,774)
<b>Expenditures - Public works</b>				
Street maintenance	2,100,350	3,467,330	2,004,402	1,462,928
Capital outlay	2,445,750	2,065,740	1,688,142	377,598
Transfers to other funds	<u>400,360</u>	<u>400,360</u>	<u>400,360</u>	<u>-</u>
Total expenditures	<u>4,946,460</u>	<u>5,933,430</u>	<u>4,092,904</u>	<u>1,840,526</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	(972,860)	-	735,752	735,752
Fund Balance - Beginning of year	<u>14,687,076</u>	<u>15,332,439</u>	<u>15,332,439</u>	<u>-</u>
Fund Balance - End of year	<u><b>\$ 13,714,216</b></u>	<u><b>\$ 15,332,439</b></u>	<u><b>\$ 16,068,191</b></u>	<u><b>\$ 735,752</b></u>



## City of Rochester Hills, Michigan

### Required Supplemental Information Budgetary Comparison Schedule – Local Street Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
State sources	\$ 1,079,710	\$ 1,113,410	\$ 1,116,183	\$ 2,773
Other governmental sources	40,000	40,000	40,000	-
Licenses and permits	10,000	10,000	12,622	2,622
Charges for services	22,550	11,430	11,702	272
Special assessment	13,170	14,940	19,432	4,492
Investment earnings	33,340	17,340	18,741	1,401
Other	-	6,360	7,918	1,558
Transfers from other funds	5,519,970	3,070,640	3,070,640	-
Total revenues	6,718,740	4,284,120	4,297,238	13,118
<b>Expenditures - Public works</b>				
Street maintenance	4,009,600	3,712,790	3,136,758	576,032
Capital outlay	2,208,000	61,990	30,623	31,367
Transfers to other funds	501,140	509,340	509,338	2
Total expenditures	6,718,740	4,284,120	3,676,719	607,401
<b>Excess of Revenue Over (Under) Expenditures</b>	-	-	620,519	620,519
Fund Balance - Beginning of year	1,256,440	2,882,408	2,882,408	-
Fund Balance - End of year	<b>\$ 1,256,440</b>	<b>\$ 2,882,408</b>	<b>\$ 3,502,927</b>	<b>\$ 620,519</b>

# City of Rochester Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule – Fire Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,370,870	\$ 6,360,830	\$ 6,364,937	\$ 4,107
State sources	-	-	-	-
Licenses and permits	8,000	8,000	6,250	(1,750)
Fines and forfeitures	8,500	13,850	14,037	187
Charges for services	1,431,050	1,364,560	1,494,595	130,035
Investment earnings	100,000	27,500	28,413	913
Other	8,500	12,680	20,216	7,536
Sale of assets	500	800	800	-
Transfer in other funds	-	-	-	-
<b>Total revenue</b>	<b>7,927,420</b>	<b>7,788,220</b>	<b>7,929,248</b>	<b>141,028</b>
<b>Expenditures</b>				
Public safety - Fire	7,652,100	7,429,510	7,233,555	195,955
<b>Total expenditures</b>	<b>7,652,100</b>	<b>7,429,510</b>	<b>7,233,555</b>	<b>195,955</b>
<b>Excess of Revenue Over Expenditures</b>	<b>275,320</b>	<b>358,710</b>	<b>695,693</b>	<b>336,983</b>
Fund Balance - Beginning of year	1,374,498	1,938,315	1,938,315	-
Fund Balance - End of year	<b><u>\$ 1,649,818</u></b>	<b><u>\$ 2,297,025</u></b>	<b><u>\$ 2,634,008</u></b>	<b><u>\$ 336,983</u></b>

## City of Rochester Hills, Michigan

### Required Supplemental Information Budgetary Comparison Schedule – Special Police Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Property taxes	\$ 4,276,620	\$ 4,269,430	\$ 4,272,196	\$ 2,766
State sources	31,000	35,000	34,712	(288)
Other governmental sources	237,750	235,690	235,690	-
Fines and forfeitures	416,000	419,000	404,822	(14,178)
Charges for services	196,500	176,500	192,634	16,134
Investment earnings	45,000	17,000	16,419	(581)
Other	-	2,300	4,957	2,657
Sale of assets	-	120	128	8
Transfers from other funds	3,816,130	3,869,040	3,869,040	-
Total revenues	9,019,000	9,024,080	9,030,598	6,518
<b>Expenditures</b>				
Public safety - Police	8,669,400	8,674,480	8,501,321	173,159
Transfers to other funds	349,600	349,600	349,600	-
Total expenditures	9,019,000	9,024,080	8,850,921	173,159
<b>Excess of Revenue Over Expenditures</b>	-	-	179,677	179,677
Fund Balance - Beginning of year	200,003	383,932	383,932	-
Fund Balance - End of year	<b>\$ 200,003</b>	<b>\$ 383,932</b>	<b>\$ 563,609</b>	<b>\$ 179,677</b>

# City of Rochester Hills, Michigan

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## Notes to Required Supplemental Information

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all City funds except that operating 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 the 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 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.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The City had no significant expenditure budget variances for the year.

## **Other Supplemental Information**

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# City of Rochester Hills, Michigan

## Other Supplemental Information Combining Balance Sheet – All Fund Types Nonmajor Governmental Funds December 31, 2010

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 11,993,899	\$ 5,081,049	\$ 13,762,928	\$ 30,837,876
Receivables:				
Property tax	2,250,152	1,856,890	-	4,107,042
Oakland County	1,158	3,351	-	4,509
Accounts	1,336	5,545	-	6,881
Accrued interest	21,390	6,314	37,873	65,577
Long-term receivables - Special assessments	-	160,308	-	160,308
	<u>-</u>	<u>160,308</u>	<u>-</u>	<u>160,308</u>
<b>Total assets</b>	<b><u>\$ 14,267,935</u></b>	<b><u>\$ 7,113,457</u></b>	<b><u>\$ 13,800,801</u></b>	<b><u>\$ 35,182,193</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 29,478	\$ -	\$ 29,097	\$ 58,575
Retainage payable	11,078	-	15,000	26,078
Accrued wages	12,824	-	-	12,824
Deposits and escrows	346,754	-	-	346,754
Due to other funds	141,293	-	64,343	205,636
Deferred revenue	3,171,561	2,811,127	-	5,982,688
Other liabilities	33,026	51,516	-	84,542
	<u>3,746,014</u>	<u>2,862,643</u>	<u>108,440</u>	<u>6,717,097</u>
<b>Total liabilities</b>	<b>3,746,014</b>	<b>2,862,643</b>	<b>108,440</b>	<b>6,717,097</b>
<b>Fund Balances</b>				
<b>Restricted</b>				
Pathway operations and maintenance	208,313	-	-	208,313
Drain improvements	4,317,799	-	-	4,317,799
Cemetery maintenance	1,048,457	-	-	1,048,457
Tree conservation and maintenance	1,643,884	-	-	1,643,884
Green space preservation	3,303,468	-	-	3,303,468
Debt service	-	4,250,814	-	4,250,814
Pathway construction	-	-	1,607,372	1,607,372
Fire vehicles and equipment	-	-	8,162,349	8,162,349
Committed - Capital projects	-	-	3,922,640	3,922,640
	<u>10,521,921</u>	<u>4,250,814</u>	<u>13,692,361</u>	<u>28,465,096</u>
<b>Total fund balances</b>	<b><u>10,521,921</u></b>	<b><u>4,250,814</u></b>	<b><u>13,692,361</u></b>	<b><u>28,465,096</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 14,267,935</u></b>	<b><u>\$ 7,113,457</u></b>	<b><u>\$ 13,800,801</u></b>	<b><u>\$ 35,182,193</u></b>

## City of Rochester Hills, Michigan

### Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – All Fund Types Nonmajor Governmental Funds Year Ended December 31, 2010

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 3,562,244	\$ 4,152,083	\$ -	\$ 7,714,327
State grants	3,000	-	-	3,000
Charges for services	50,898	-	135	51,033
Investment earnings	58,125	246,459	111,232	415,816
Special assessments	-	48,600	-	48,600
Other	3,291	342,322	19,165	364,778
Sale of assets	-	-	19,050	19,050
	3,677,558	4,789,464	149,582	8,616,604
<b>Total revenue</b>				
	3,677,558	4,789,464	149,582	8,616,604
<b>Expenditures</b>				
Public works	1,190,162	-	-	1,190,162
Parks and recreation	1,889,984	-	-	1,889,984
Capital outlay	241,346	-	1,301,530	1,542,876
Debt service:				
Principal retirement	-	4,848,247	-	4,848,247
Interest and fiscal charges	-	1,266,505	-	1,266,505
Paying agent and other	-	188,294	-	188,294
	3,321,492	6,303,046	1,301,530	10,926,068
<b>Total expenditures</b>				
	3,321,492	6,303,046	1,301,530	10,926,068
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	356,066	(1,513,582)	(1,151,948)	(2,309,464)
<b>Other Financing Sources (Uses)</b>				
Transfers in	856,660	1,450,044	366,480	2,673,184
Transfers out	(293,390)	(310,489)	-	(603,879)
Bonds proceeds	-	13,645,000	-	13,645,000
Payment to refund bond escrow agent	-	(13,726,779)	-	(13,726,779)
	563,270	1,057,776	366,480	1,987,526
<b>Total other financing sources (uses)</b>				
	563,270	1,057,776	366,480	1,987,526
<b>Net Change in Fund Balance</b>	919,336	(455,806)	(785,468)	(321,938)
Fund Balances - Beginning of year	9,602,585	4,706,620	14,477,829	28,787,034
Fund Balances - End of year	\$ 10,521,921	\$ 4,250,814	\$ 13,692,361	\$ 28,465,096



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## Nonmajor Special Revenue Funds

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

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

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

**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.

**Stoney Creek Perpetual Care Fund** – This fund accounts for the monies collected from sales of cemetery lots and spaces. The monies in this fund can only be used for cemetery maintenance and improvements.

**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.

**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.

# City of Rochester Hills, Michigan

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	R.A.R.A. Millage Fund	Pathway Fund	Public Improvement Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and investments	\$ 178,202	\$ 392,179	\$ 4,513,436
Receivables:			
Property tax	435,554	415,000	-
Oakland County	-	-	1,158
Accounts	-	1,336	-
Accrued interest	-	-	3,456
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u><b>\$ 613,756</b></u>	<u><b>\$ 808,515</b></u>	<u><b>\$ 4,518,050</b></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Retainage payable	-	1,489	27,989
Accrued wages	-	-	11,078
Deposits and escrows	-	1,744	11,080
Due to other funds	-	-	-
Deferred revenue	-	-	141,293
Other liabilities	613,756	585,577	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	-	11,392	8,811
	613,756	600,202	200,251
<b>Fund Balances</b>			
Restricted			
Pathway operations and maintenance	-	208,313	-
Drain improvements	-	-	4,317,799
Cemetery maintenance	-	-	-
Tree conservation and maintenance	-	-	-
Green space preservation	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	-	208,313	4,317,799
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u><b>\$ 613,756</b></u>	<u><b>\$ 808,515</b></u>	<u><b>\$ 4,518,050</b></u>

## City of Rochester Hills, Michigan

### Combining Balance Sheet Nonmajor Governmental Funds Special Revenue Funds December 31, 2010

Older Persons' Millage Fund	Stoney Creek Perpetual Care Fund	Tree Fund	Green Space Preservation	Total Nonmajor Special Revenue Funds
\$ 301,009	\$ 1,047,583	\$ 1,983,886	\$ 3,577,604	\$ 11,993,899
735,725	-	-	663,873	2,250,152
-	-	-	-	1,158
-	-	-	-	1,336
-	874	6,752	10,308	21,390
<b><u>\$ 1,036,734</u></b>	<b><u>\$ 1,048,457</u></b>	<b><u>\$ 1,990,638</u></b>	<b><u>\$ 4,251,785</u></b>	<b><u>\$ 14,267,935</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	29,478
-	-	-	-	11,078
-	-	-	-	12,824
-	-	346,754	-	346,754
-	-	-	-	141,293
1,036,734	-	-	935,494	3,171,561
-	-	-	12,823	33,026
1,036,734	-	346,754	948,317	3,746,014
-	-	-	-	208,313
-	-	-	-	4,317,799
-	1,048,457	-	-	1,048,457
-	-	1,643,884	-	1,643,884
-	-	-	3,303,468	3,303,468
-	1,048,457	1,643,884	3,303,468	10,521,921
<b><u>\$ 1,036,734</u></b>	<b><u>\$ 1,048,457</u></b>	<b><u>\$ 1,990,638</u></b>	<b><u>\$ 4,251,785</u></b>	<b><u>\$ 14,267,935</u></b>

# City of Rochester Hills, Michigan

	R.A.R.A Millage Fund	Pathway Fund	Public Improvement Fund
<b>Revenue</b>			
Property taxes	\$ 689,535	\$ 657,004	\$ -
State Grant	-	-	-
Charges for services	-	2,296	19,804
Investment earnings	-	261	8,060
Other	-	192	3,099
	<u>689,535</u>	<u>659,753</u>	<u>30,963</u>
Total revenue	689,535	659,753	30,963
<b>Expenditures</b>			
Public works	-	326,851	849,431
Parks and recreation	689,535	-	-
Capital outlay	-	-	241,346
	<u>689,535</u>	<u>326,851</u>	<u>1,090,777</u>
Total expenditures	689,535	326,851	1,090,777
<b>Excess of Revenue Over (Under) Expenditures</b>	-	332,902	(1,059,814)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	856,660
Transfers out	-	(269,480)	-
	<u>-</u>	<u>(269,480)</u>	<u>-</u>
Total other financing sources (uses)	-	(269,480)	856,660
<b>Net Change in Fund Balance</b>	-	63,422	(203,154)
Fund Balances - Beginning of year	<u>-</u>	<u>144,891</u>	<u>4,520,953</u>
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 208,313</u>	<u>\$ 4,317,799</u>

## City of Rochester Hills, Michigan

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Special Revenue Funds December 31, 2010

Older Persons' Millage Fund	Stoney Creek Perpetual Care Fund	Tree Fund	Green Space Preservation	Total Nonmajor Special Revenue Funds
\$ 1,164,784	\$ -	\$ -	\$ 1,050,921	\$ 3,562,244
-	-	3,000	-	3,000
-	28,539	259	-	50,898
-	8,911	18,504	22,389	58,125
-	-	-	-	3,291
<u>1,164,784</u>	<u>37,450</u>	<u>21,763</u>	<u>1,073,310</u>	<u>3,677,558</u>
-	-	13,880	-	1,190,162
1,164,784	-	-	35,665	1,889,984
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,346</u>
<u>1,164,784</u>	<u>-</u>	<u>13,880</u>	<u>35,665</u>	<u>3,321,492</u>
-	37,450	7,883	1,037,645	356,066
-	-	-	-	856,660
<u>-</u>	<u>-</u>	<u>(23,910)</u>	<u>-</u>	<u>(293,390)</u>
<u>-</u>	<u>-</u>	<u>(23,910)</u>	<u>-</u>	<u>563,270</u>
-	37,450	(16,027)	1,037,645	919,336
<u>-</u>	<u>1,011,007</u>	<u>1,659,911</u>	<u>2,265,823</u>	<u>9,602,585</u>
<u>\$ -</u>	<u>\$ 1,048,457</u>	<u>\$ 1,643,884</u>	<u>\$ 3,303,468</u>	<u>\$ 10,521,921</u>

# City of Rochester Hills, Michigan

	R.A.R.A. Millage Fund			Pathway Fund		
	Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>						
Property taxes	\$ 690,180	\$ 689,535	\$ (645)	\$ 657,580	\$ 657,004	\$ (576)
State grant	-	-	-	-	-	-
Charges for services	-	-	-	900	2,296	1,396
Investment earnings	-	-	-	250	261	11
Transfers in	-	-	-	-	-	-
Other	-	-	-	-	192	192
<b>Total revenue</b>	<u>690,180</u>	<u>689,535</u>	<u>(645)</u>	<u>658,730</u>	<u>659,753</u>	<u>1,023</u>
<b>Expenditures</b>						
Public works	-	-	-	389,250	326,851	62,399
Parks and recreation	690,180	689,535	645	-	-	-
Capital outlay	-	-	-	-	-	-
Transfers out	-	-	-	269,480	269,480	-
<b>Total expenditures</b>	<u>690,180</u>	<u>689,535</u>	<u>645</u>	<u>658,730</u>	<u>596,331</u>	<u>62,399</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	-	-	-	-	63,422	63,422
Fund Balances - Beginning of year	-	-	-	144,891	144,891	-
Fund Balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,891</u>	<u>\$ 208,313</u>	<u>\$ 63,422</u>

## City of Rochester Hills, Michigan

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Amended Budget and Actual Nonmajor Governmental Funds Special Revenue Funds Year Ended December 31, 2010

Public Improvement Fund			Older Persons' Millage Fund		
Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
\$ -	\$ -	\$ -	\$ 1,165,860	\$ 1,164,784	\$ (1,076)
-	-	-	-	-	-
19,750	19,804	54	-	-	-
22,000	8,060	(13,940)	-	-	-
856,660	856,660	-	-	-	-
<u>21,700</u>	<u>3,099</u>	<u>(18,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>
920,110	887,623	(32,487)	1,165,860	1,164,784	(1,076)
905,610	849,431	56,179	-	-	-
-	-	-	1,165,860	1,164,784	1,076
413,150	241,346	171,804	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,318,760</u>	<u>1,090,777</u>	<u>227,983</u>	<u>1,165,860</u>	<u>1,164,784</u>	<u>1,076</u>
(398,650)	(203,154)	195,496	-	-	-
<u>4,520,953</u>	<u>4,520,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>\$ 4,122,303</u></b>	<b><u>\$ 4,317,799</u></b>	<b><u>\$ 195,496</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

(Continued on next page)

# City of Rochester Hills, Michigan

	Stoney Creek Perpetual Care Fund			Tree Fund		
	Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
			Budget			Budget
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grant	-	-	-	3,000	3,000	-
Charges for services	33,000	28,539	(4,461)	240	259	19
Investment earnings	9,500	8,911	(589)	18,000	18,504	504
Transfers in	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenue</b>	<b>42,500</b>	<b>37,450</b>	<b>(5,050)</b>	<b>21,240</b>	<b>21,763</b>	<b>523</b>
<b>Expenditures</b>						
Public works	-	-	-	15,000	13,880	1,120
Parks and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Transfers out	-	-	-	23,910	23,910	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,910</b>	<b>37,790</b>	<b>1,120</b>
<b>Excess of Revenue Over (Under)</b>						
<b>Expenditures</b>	42,500	37,450	(5,050)	(17,670)	(16,027)	1,643
Fund Balances - Beginning of year	<u>1,011,007</u>	<u>1,011,007</u>	-	<u>1,659,911</u>	<u>1,659,911</u>	-
Fund Balances - End of year	<u><b>\$ 1,053,507</b></u>	<u><b>\$ 1,048,457</b></u>	<u><b>\$ (5,050)</b></u>	<u><b>\$ 1,642,241</b></u>	<u><b>\$ 1,643,884</b></u>	<u><b>\$ 1,643</b></u>



## City of Rochester Hills, Michigan

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Amended Budget and Actual Nonmajor Governmental Funds Special Revenue Funds (Continued) Year Ended December 31, 2010

Green Space Preservation			Total		
Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
\$ 1,051,890	\$ 1,050,921	\$ (969)	\$ 3,565,510	\$ 3,562,244	\$ (3,266)
-	-	-	3,000	3,000	-
-	-	-	53,890	50,898	(2,992)
23,000	22,389	(611)	72,750	58,125	(14,625)
-	-	-	856,660	856,660	-
-	-	-	21,700	3,291	(18,409)
1,074,890	1,073,310	(1,580)	4,573,510	4,534,218	(39,292)
-	-	-	1,309,860	1,190,162	119,698
67,020	35,665	31,355	1,923,060	1,889,984	33,076
510,000	-	510,000	923,150	241,346	681,804
-	-	-	293,390	293,390	-
<u>577,020</u>	<u>35,665</u>	<u>541,355</u>	<u>4,449,460</u>	<u>3,614,882</u>	<u>834,578</u>
497,870	1,037,645	539,775	124,050	919,336	795,286
<u>2,265,823</u>	<u>2,265,823</u>	<u>-</u>	<u>9,602,585</u>	<u>9,602,585</u>	<u>-</u>
<b><u>\$ 2,763,693</u></b>	<b><u>\$ 3,303,468</u></b>	<b><u>\$ 539,775</u></b>	<b><u>\$ 9,726,635</u></b>	<b><u>\$ 10,521,921</u></b>	<b><u>\$ 795,286</u></b>



innovative *by* nature

## Nonmajor Debt Service Funds

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

**Road Improvement 2001 Fund** – This fund accounts for payment of debt created for improvement to roads using Act 175 bonds. Revenue is generated from tax levies and expenditures are made for 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.

**Local Street Improvement 1995, 2001, and 2002 Funds** – These funds account for payment of debt created for the improvement of local streets using Act 175 bonds. Revenue is generated from special assessment collections, and funds received under Act 51 are transferred to these funds from the Local Street Special Revenue Fund for the City's share. Expenditures are made for principal and interest.

**OPC Building Bond 2001 Series Fund** – This fund accounts for payment of debt created from the construction of a senior citizens building. Revenue is generated from tax levies and expenditures are made for principal and interest.

**Refunding OPC Building Bond Series 2010** – This fund accounts for payment of debt created for refunding of the OPC Building Bond 2001 Series callable portion. Revenue is generated from tax levies and expenditures are made for principal and interest.

**Refunding General Obligation Bond Series 1998 Fund** – This fund accounts for the payment of debt created for the refunding of the park and museum, park and recreation, and the library building bonds' callable portion. Revenue is generated from tax levies and expenditures are made for principal and interest.

**Municipal Building Bond Series 2002 Fund** – This fund accounts for payment of debt created from the construction of the municipal building addition. Revenue is generated from tax levies and expenditures are made for principal and interest.

**Municipal Building Refunding Bond Series 2010 Fund** – This fund accounts for payment of debt created for refunding of the Municipal Building Bond Series 2002 callable portion. Revenue is generated from tax levies and expenditures are made for principal and interest.

# City of Rochester Hills, Michigan

	Road Improvement 2001 Fund	Local Street Improvement 2001 Fund	Drain Fund	Local Street Improvement 1995 Fund
<b>Assets</b>				
Cash and investments	\$ 662,142	\$ 452,353	\$ 2,192,499	\$ -
Receivables:				
Property tax	-	-	1,347,532	-
Oakland County	-	-	3,351	-
Accounts	-	5,545	-	-
Accrued interest	350	2,276	136	-
Long-term receivables - Special assessments	-	160,308	-	-
<b>Total assets</b>	<b>\$ 662,492</b>	<b>\$ 620,482</b>	<b>\$ 3,543,518</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Other Liabilities	\$ -	\$ -	\$ 38,145	\$ -
Deferred revenue	-	160,840	1,923,299	-
<b>Total liabilities</b>	<b>-</b>	<b>160,840</b>	<b>1,961,444</b>	<b>-</b>
<b>Fund Balances</b>				
Restricted - Debt service	662,492	459,642	1,582,074	-
<b>Total fund balances</b>	<b>662,492</b>	<b>459,642</b>	<b>1,582,074</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 662,492</b>	<b>\$ 620,482</b>	<b>\$ 3,543,518</b>	<b>\$ -</b>

## City of Rochester Hills, Michigan

### Combining Balance Sheet Nonmajor Governmental Funds Debt Service Funds December 31, 2010

OPC Building Bond 2001 Series Fund	OPC Refunding Bond, Series 2010 Fund	Refunding General Obligation Bond Series 1998 Fund	Municipal Building Bond Series 2002 Fund	Local Street Improvement 2002 Fund	Municipal Building Refunding Bond, Series 2010 Fund	Total Nonmajor Debt Service Funds
\$ -	\$ 405,634	\$ -	\$ 28,591	\$ 1,335,114	\$ 4,716	\$ 5,081,049
-	509,358	-	-	-	-	1,856,890
-	-	-	-	-	-	3,351
-	-	-	-	-	-	5,545
-	-	-	-	3,552	-	6,314
-	-	-	-	-	-	160,308
<u>\$ -</u>	<u>\$ 914,992</u>	<u>\$ -</u>	<u>\$ 28,591</u>	<u>\$ 1,338,666</u>	<u>\$ 4,716</u>	<u>\$ 7,113,457</u>
\$ -	\$ 13,371	\$ -	\$ -	\$ -	\$ -	\$ 51,516
-	726,988	-	-	-	-	2,811,127
-	740,359	-	-	-	-	2,862,643
-	174,633	-	28,591	1,338,666	4,716	4,250,814
-	174,633	-	28,591	1,338,666	4,716	4,250,814
<u>\$ -</u>	<u>\$ 914,992</u>	<u>\$ -</u>	<u>\$ 28,591</u>	<u>\$ 1,338,666</u>	<u>\$ 4,716</u>	<u>\$ 7,113,457</u>

# City of Rochester Hills, Michigan

	Road Improvement 2001 Fund	Local Street Improvement 2001 Fund	Drain Fund	Local Street Improvement 1995 Fund
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 2,108,172	\$ -
Investment earnings	5,930	17,184	203,688	650
Special assessments	-	39,934	-	8,666
Other	-	-	2,650	-
Total revenue	5,930	57,118	2,314,510	9,316
<b>Expenditures</b>				
Principal retirement	200,000	150,000	1,838,247	175,000
Interest	68,488	66,250	303,163	9,625
Miscellaneous	275	550	12,917	700
Total expenditures	268,763	216,800	2,154,327	185,325
<b>Excess of Revenue Over (Under) Expenditures</b>				
	(262,833)	(159,682)	160,183	(176,009)
<b>Other Financing Sources (Uses)</b>				
Transfer in	139,230	100,150	-	59,918
Transfer out	-	-	-	-
Bond proceeds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Total other financing sources (uses)	139,230	100,150	-	59,918
<b>Net Change in Fund Balance</b>				
	(123,603)	(59,532)	160,183	(116,091)
Fund Balances - Beginning of year	786,095	519,174	1,421,891	116,091
Fund Balances - End of year	<u>\$ 662,492</u>	<u>\$ 459,642</u>	<u>\$ 1,582,074</u>	<u>\$ -</u>

## City of Rochester Hills, Michigan

### Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Debt Service Funds Year Ended December 31, 2010

OPC Building Bond 2001 Series Fund	OPC Refunding Bond Series 2010 Fund	Refunding General Obligation Bond Series 1998 Fund	Municipal Building Bond Series 2002 Fund	Local Street Improvement 2002 Fund	Municipal Building Refunding Bond, Series 2010 Fund	Total Nonmajor Debt Service Funds
\$ 766,925	\$ 805	\$ 1,276,181	\$ -	\$ -	\$ -	\$ 4,152,083
252	159	3,679	47	14,870	-	246,459
-	-	-	-	-	-	48,600
<u>-</u>	<u>143,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,824</u>	<u>342,322</u>
767,177	144,812	1,279,860	47	14,870	195,824	4,789,464
450,000	-	1,335,000	400,000	300,000	-	4,848,247
9,000	284,934	65,415	175,937	133,456	150,237	1,266,505
<u>2,797</u>	<u>81,532</u>	<u>9,982</u>	<u>275</u>	<u>275</u>	<u>78,991</u>	<u>188,294</u>
<u>461,797</u>	<u>366,466</u>	<u>1,410,397</u>	<u>576,212</u>	<u>433,731</u>	<u>229,228</u>	<u>6,303,046</u>
305,380	(221,654)	(130,537)	(576,165)	(418,861)	(33,404)	(1,513,582)
-	306,116	-	573,520	210,040	61,070	1,450,044
(306,116)	-	(4,373)	-	-	-	(310,489)
-	6,870,000	-	-	-	6,775,000	13,645,000
<u>(149,000)</u>	<u>(6,779,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,797,950)</u>	<u>(13,726,779)</u>
<u>(455,116)</u>	<u>396,287</u>	<u>(4,373)</u>	<u>573,520</u>	<u>210,040</u>	<u>38,120</u>	<u>1,057,776</u>
(149,736)	174,633	(134,910)	(2,645)	(208,821)	4,716	(455,806)
<u>149,736</u>	<u>-</u>	<u>134,910</u>	<u>31,236</u>	<u>1,547,487</u>	<u>-</u>	<u>4,706,620</u>
<u>\$ -</u>	<u>\$ 174,633</u>	<u>\$ -</u>	<u>\$ 28,591</u>	<u>\$ 1,338,666</u>	<u>\$ 4,716</u>	<u>\$ 4,250,814</u>

# City of Rochester Hills, Michigan

	Road Improvement 2001			Local Street Improvement 2001		
	Amended Budget	Actual	Variance with	Amended Budget	Actual	Variance with
			Amended Budget			Amended Budget
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	6,500	5,930	(570)	16,740	17,184	444
Special assessments	-	-	-	20,310	39,934	19,624
Other	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-
Transfers in	<u>139,230</u>	<u>139,230</u>	<u>-</u>	<u>100,150</u>	<u>100,150</u>	<u>-</u>
Total revenue	145,730	145,160	(570)	137,200	157,268	20,068
<b>Expenditures</b>						
Principal retirement	200,000	200,000	-	150,000	150,000	-
Interest	68,490	68,488	2	66,250	66,250	-
Miscellaneous	280	275	5	550	550	-
Payment to refund bond escrow agent	-	-	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>268,770</u>	<u>268,763</u>	<u>7</u>	<u>216,800</u>	<u>216,800</u>	<u>-</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	(123,040)	(123,603)	(563)	(79,600)	(59,532)	20,068
Fund Balances - Beginning of year	<u>786,095</u>	<u>786,095</u>	<u>-</u>	<u>519,174</u>	<u>519,174</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 663,055</u>	<u>\$ 662,492</u>	<u>\$ (563)</u>	<u>\$ 439,574</u>	<u>\$ 459,642</u>	<u>\$ 20,068</u>



## City of Rochester Hills, Michigan

### Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Amended Budget and Actual Nonmajor Governmental Funds Debt Service Funds Year Ended December 31, 2010

Drain Fund			Local Street Improvement 1995			OPC Building Bond 2001 Series		
Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
\$ 2,102,670	\$ 2,108,172	\$ 5,502	\$ -	\$ -	\$ -	\$ 767,130	\$ 766,925	\$ (205)
205,000	203,688	(1,312)	2,230	650	(1,580)	200	252	52
-	-	-	9,700	8,666	(1,034)	-	-	-
-	2,650	2,650	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	70,700	59,918	(10,782)	-	-	-
2,307,670	2,314,510	6,840	82,630	69,234	(13,396)	767,330	767,177	(153)
1,838,270	1,838,247	23	175,000	175,000	-	450,000	450,000	-
303,210	303,163	47	9,630	9,625	5	9,000	9,000	-
29,830	12,917	16,913	700	700	-	2,940	2,797	143
-	-	-	-	-	-	149,000	149,000	-
-	-	-	-	-	-	306,120	306,116	4
<u>2,171,310</u>	<u>2,154,327</u>	<u>16,983</u>	<u>185,330</u>	<u>185,325</u>	<u>5</u>	<u>917,060</u>	<u>916,913</u>	<u>147</u>
136,360	160,183	23,823	(102,700)	(116,091)	(13,391)	(149,730)	(149,736)	(6)
<u>1,421,891</u>	<u>1,421,891</u>	<u>-</u>	<u>116,091</u>	<u>116,091</u>	<u>-</u>	<u>149,736</u>	<u>149,736</u>	<u>-</u>
<u>\$ 1,558,251</u>	<u>\$ 1,582,074</u>	<u>\$ 23,823</u>	<u>\$ 13,391</u>	<u>\$ -</u>	<u>\$ (13,391)</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ (6)</u>

(Continued on next page)

# City of Rochester Hills, Michigan

	OPC Refunding Bond, Series 2010			Refunding General Obligation Bond Series 1998		
	Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>						
Property taxes	\$ -	\$ 805	\$ 805	\$ 1,272,390	\$ 1,276,181	\$ 3,791
Investment earnings	100	159	59	890	3,679	2,789
Special assessments	-	-	-	-	-	-
Other	143,840	143,848	8	-	-	-
Bond proceeds	6,870,000	6,870,000	-	-	-	-
Transfers in	<u>306,120</u>	<u>306,116</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	7,320,060	7,320,928	868	1,273,280	1,279,860	6,580
<b>Expenditures</b>						
Principal retirement	-	-	-	1,335,000	1,335,000	-
Interest	284,940	284,934	6	65,420	65,415	5
Miscellaneous	87,680	81,532	6,148	7,760	9,982	(2,222)
Payment to refund bond escrow agent	6,779,830	6,779,829	1	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>4,373</u>	<u>30,627</u>
Total expenditures	<u>7,152,450</u>	<u>7,146,295</u>	<u>6,155</u>	<u>1,443,180</u>	<u>1,414,770</u>	<u>28,410</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	167,610	174,633	7,023	(169,900)	(134,910)	34,990
Fund Balances - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,910</u>	<u>134,910</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 167,610</u>	<u>\$ 174,633</u>	<u>\$ 7,023</u>	<u>\$ (34,990)</u>	<u>\$ -</u>	<u>\$ 34,990</u>

## City of Rochester Hills, Michigan

### Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Amended Budget and Actual Nonmajor Governmental Funds Debt Service Funds (Continued) Year Ended December 31, 2010

Municipal Building Bond Series 2002			Local Street Improvement 2002			Municipal Building Refunding Bond, Series 2010		
Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	47	17	19,000	14,870	(4,130)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	195,820	195,824	4
-	-	-	-	-	-	6,775,000	6,775,000	-
<u>573,520</u>	<u>573,520</u>	<u>-</u>	<u>210,040</u>	<u>210,040</u>	<u>-</u>	<u>61,070</u>	<u>61,070</u>	<u>-</u>
573,550	573,567	17	229,040	224,910	(4,130)	7,031,890	7,031,894	4
400,000	400,000	-	300,000	300,000	-	-	-	-
175,940	175,937	3	133,460	133,456	4	150,520	150,237	283
280	275	5	280	275	5	79,000	78,991	9
-	-	-	-	-	-	6,797,960	6,797,950	10
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>576,220</u>	<u>576,212</u>	<u>8</u>	<u>433,740</u>	<u>433,731</u>	<u>9</u>	<u>7,027,480</u>	<u>7,027,178</u>	<u>302</u>
(2,670)	(2,645)	25	(204,700)	(208,821)	(4,121)	4,410	4,716	306
<u>31,236</u>	<u>31,236</u>	<u>-</u>	<u>1,547,487</u>	<u>1,547,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 28,566</u>	<u>\$ 28,591</u>	<u>\$ 25</u>	<u>\$ 1,342,787</u>	<u>\$ 1,338,666</u>	<u>\$ (4,121)</u>	<u>\$ 4,410</u>	<u>\$ 4,716</u>	<u>\$ 306</u>

(Continued on next page)

# City of Rochester Hills, Michigan

## Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Amended Budget and Actual Nonmajor Governmental Funds Debt Service Funds (Continued) Year Ended December 31, 2010

	Total		Variance with Amended Budget
	Amended Budget	Actual	
<b>Revenue</b>			
Property taxes	\$ 4,142,190	\$ 4,152,083	\$ 9,893
Investment earnings	250,690	246,459	(4,231)
Special assessments	30,010	48,600	18,590
Other	339,660	342,322	2,662
Bond proceeds	13,645,000	13,645,000	-
Transfers in	<u>1,460,830</u>	<u>1,450,044</u>	<u>(10,786)</u>
Total revenue	19,868,380	19,884,508	16,128
<b>Expenditures</b>			
Principal retirement	4,848,270	4,848,247	23
Interest	1,266,860	1,266,505	355
Miscellaneous	209,300	188,294	21,006
Payment to refund bond escrow agent	13,726,790	13,726,779	11
Transfers out	<u>341,120</u>	<u>310,489</u>	<u>30,631</u>
Total expenditures	<u>20,392,340</u>	<u>20,340,314</u>	<u>52,026</u>
<b>Excess of Revenue Over (Under)</b>			
Expenditures	(523,960)	(455,806)	68,154
Fund Balances - Beginning of year	<u>4,706,620</u>	<u>4,706,620</u>	<u>-</u>
Fund Balances - End of year	<u><b>\$ 4,182,660</b></u>	<u><b>\$ 4,250,814</b></u>	<u><b>\$ 68,154</b></u>

## Nonmajor Capital Projects Funds

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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 the 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.

**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.

**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.

# City of Rochester Hills, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds Capital Projects Funds December 31, 2010

	Capital Improvement Fund	Pathway Construction Fund	Fire Capital Fund	Total Nonmajor Capital Project Funds
<b>Assets</b>				
Cash and investments	\$ 3,917,699	\$ 1,712,706	\$ 8,132,523	\$ 13,762,928
Receivables:				
Accrued interest	<u>4,941</u>	<u>3,106</u>	<u>29,826</u>	<u>37,873</u>
<b>Total assets</b>	<b><u>\$ 3,922,640</u></b>	<b><u>\$ 1,715,812</u></b>	<b><u>\$ 8,162,349</u></b>	<b><u>\$ 13,800,801</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 29,097	\$ -	\$ 29,097
Retainage payable	-	15,000	-	15,000
Due to other funds	<u>-</u>	<u>64,343</u>	<u>-</u>	<u>64,343</u>
<b>Total liabilities</b>	-	108,440	-	108,440
<b>Fund Balances</b>				
Restricted	-	-	-	-
Pathway construcion	-	1,607,372	-	1,607,372
Fire vehicles and equipment	-	-	8,162,349	8,162,349
Committed - Capital projects	<u>3,922,640</u>	<u>-</u>	<u>-</u>	<u>3,922,640</u>
<b>Total fund balances</b>	<b><u>3,922,640</u></b>	<b><u>1,607,372</u></b>	<b><u>8,162,349</u></b>	<b><u>13,692,361</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,922,640</u></b>	<b><u>\$ 1,715,812</u></b>	<b><u>\$ 8,162,349</u></b>	<b><u>\$ 13,800,801</u></b>

## City of Rochester Hills, Michigan

### Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Capital Projects Funds Year Ended December 31, 2010

	Capital Improvement Fund	Pathway Construction Fund	Fire Capital Fund	Total Nonmajor Capital Project Funds
<b>Revenue</b>				
Charge for services	\$ -	\$ 135	\$ -	\$ 135
Investment earnings	15,146	18,114	77,972	111,232
Other	-	18,023	1,142	19,165
Sale of assets	-	-	19,050	19,050
	<u>15,146</u>	<u>36,272</u>	<u>98,164</u>	<u>149,582</u>
<b>Expenditures - Capital outlay</b>	<u>-</u>	<u>1,301,530</u>	<u>-</u>	<u>1,301,530</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	15,146	(1,265,258)	98,164	(1,151,948)
<b>Other Financing Sources</b>				
Transfers in	<u>97,000</u>	<u>269,480</u>	<u>-</u>	<u>366,480</u>
Total other financing sources (uses)	<u>97,000</u>	<u>269,480</u>	<u>-</u>	<u>366,480</u>
<b>Net Change in Fund Balance</b>	112,146	(995,778)	98,164	(785,468)
<b>Fund Balances - Beginning of year</b>	<u>3,810,494</u>	<u>2,603,150</u>	<u>8,064,185</u>	<u>14,477,829</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 3,922,640</u></u>	<u><u>\$ 1,607,372</u></u>	<u><u>\$ 8,162,349</u></u>	<u><u>\$ 13,692,361</u></u>

# City of Rochester Hills, Michigan

	Capital Improvement Fund			Pathway Construction Fund		
	Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>						
Charge for services	\$ -	\$ -	\$ -	\$ 200.00	\$ 135.00	\$ (65.00)
Investment earnings	16,000	15,146	(854)	18,500	18,114	(386)
Transfers in	97,000	97,000	-	269,480	269,480	-
Other	-	-	-	18,020	18,023	3
Sale of assets	-	-	-	-	-	-
Total revenue	113,000	112,146	(854)	306,200	305,752	(448)
<b>Expenditures</b>						
Capital outlay	-	-	-	1,445,250	1,301,530	143,720
Transfers out	-	-	-	-	-	-
Total expenditures	-	-	-	1,445,250	1,301,530	143,720
<b>Excess of Revenue Over (Under) Expenditures</b>	113,000	112,146	(854)	(1,139,050)	(995,778)	143,272
Fund Balances - Beginning of year	3,810,494	3,810,494	-	2,603,150	2,603,150	-
Fund Balances - End of year	<u>\$ 3,923,494</u>	<u>\$ 3,922,640</u>	<u>\$ (854)</u>	<u>\$ 1,464,100</u>	<u>\$ 1,607,372</u>	<u>\$ 143,272</u>



## City of Rochester Hills, Michigan

### Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Amended Budget to Actual Nonmajor Governmental Funds Capital Projects Funds Year Ended December 31, 2010

Fire Capital Fund			Total		
Amended Budget	Actual	Variance with Amended Budget	Amended Budget	Actual	Variance with Amended Budget
\$ -	\$ -	\$ -	\$ 200.00	\$ 135.00	\$ (65.00)
75,000	77,972	2,972	109,500	111,232	1,732
-	-	-	366,480	366,480	-
-	1,142	1,142	18,020	19,165	1,145
<u>19,050</u>	<u>19,050</u>	<u>-</u>	<u>19,050</u>	<u>19,050</u>	<u>-</u>
94,050	98,164	4,114	513,250	516,062	2,812
20,000	-	20,000	1,465,250	1,301,530	163,720
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>1,465,250</u>	<u>1,301,530</u>	<u>163,720</u>
74,050	98,164	24,114	(952,000)	(785,468)	166,532
<u>8,064,185</u>	<u>8,064,185</u>	<u>-</u>	<u>14,477,829</u>	<u>14,477,829</u>	<u>-</u>
<b><u>\$ 8,138,235</u></b>	<b><u>\$ 8,162,349</u></b>	<b><u>\$ 24,114</u></b>	<b><u>\$ 13,525,829</u></b>	<b><u>\$ 13,692,361</u></b>	<b><u>\$ 166,532</u></b>



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## Internal Service Funds

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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.



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# City of Rochester Hills, Michigan

## Combining Statement of Net Assets Internal Service Funds December 31, 2010

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 880,203	\$ 687,467	\$ 1,164,540	\$ 1,145,987	\$ 3,878,197
Investments	7,349,063	3,240,477	5,246,863	-	15,836,403
Receivable - Federal	68,565	-	-	-	68,565
Accrued interest receivable	28,233	3,762	6,608	-	38,603
Other	-	-	13,569	351,652	365,221
<b>Total current assets</b>	<b>8,326,064</b>	<b>3,931,706</b>	<b>6,431,580</b>	<b>1,497,639</b>	<b>20,186,989</b>
<b>Property, Plant, and Equipment</b>					
Land	17,791,940	-	-	-	17,791,940
Land improvements	4,034,573	-	-	-	4,034,573
Building	29,628,648	-	-	-	29,628,648
Furniture	1,779,790	3,324,146	-	-	5,103,936
Machinery and equipment	746,175	-	2,253,087	-	2,999,262
Vehicles	-	-	5,648,181	-	5,648,181
<b>Total property, plant, and equipment</b>	<b>53,981,126</b>	<b>3,324,146</b>	<b>7,901,268</b>	<b>-</b>	<b>65,206,540</b>
Less accumulated depreciation	(15,876,817)	(3,247,368)	(5,238,543)	-	(24,362,728)
<b>Net property, plant, and equipment</b>	<b>38,104,309</b>	<b>76,778</b>	<b>2,662,725</b>	<b>-</b>	<b>40,843,812</b>
<b>Total assets</b>	<b>46,430,373</b>	<b>4,008,484</b>	<b>9,094,305</b>	<b>1,497,639</b>	<b>61,030,801</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	279,204	23,100	85,351	-	387,655
Retainage payable	25,661	-	-	-	25,661
Accrued wages	10,884	23,372	16,147	-	50,403
Accrued vacation	21,465	71,263	40,948	-	133,676
Accrued annual leave	8,938	18,392	10,365	-	37,695
Deferred revenue	-	-	-	-	-
Payable related to capital lease obligations:					
Current portion of capital lease obligations	225,000	-	-	-	225,000
Accrued interest	38,665	-	-	-	38,665
Other liabilities	2,264	-	-	53,182	55,446
<b>Total current liabilities</b>	<b>612,081</b>	<b>136,127</b>	<b>152,811</b>	<b>53,182</b>	<b>954,201</b>
<b>Long-term Liabilities - Obligations under capital lease - Less current portion</b>	<b>2,530,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,530,000</b>
<b>Total liabilities</b>	<b>3,142,081</b>	<b>136,127</b>	<b>152,811</b>	<b>53,182</b>	<b>3,484,201</b>
<b>Net Assets</b>					
Invested in capital assets - Net of related debt	35,349,309	76,778	2,662,725	-	38,088,812
Unrestricted	7,938,983	3,795,579	6,278,769	1,444,457	19,457,788
<b>Total net assets</b>	<b>\$43,288,292</b>	<b>\$ 3,872,357</b>	<b>\$ 8,941,494</b>	<b>\$ 1,444,457</b>	<b>\$57,546,600</b>

# City of Rochester Hills, Michigan

## Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds Year Ended December 31, 2010

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Operating Revenue</b>					
Federal grant	\$ 128,706	\$ -	\$ -	\$ -	\$ 128,706
Charges for services	2,202,713	1,280,820	2,333,686	613,650	6,430,869
Miscellaneous revenue	10,218	2,832	437	123,384	136,871
Total operating revenue	2,341,637	1,283,652	2,334,123	737,034	6,696,446
<b>Operating Expenses</b>					
Salaries and wages	462,912	809,697	666,246	-	1,938,855
Public utilities	621,694	-	-	-	621,694
Professional services	878,978	273,968	509,426	483,220	2,145,592
Materials and supplies	148,699	62,181	19,213	-	230,093
Repairs and maintenance	243,508	173,087	453,610	-	870,205
Rentals	1,872	-	2,397	-	4,269
Depreciation and amortization	1,214,908	120,278	563,289	-	1,898,475
Total operating expenses	3,572,571	1,439,211	2,214,181	483,220	7,709,183
<b>Operating Income (Loss)</b>	(1,230,934)	(155,559)	119,942	253,814	(1,012,737)
<b>Nonoperating Revenues (Expenses)</b>					
Investment earnings	62,847	849	3,464	13,127	80,287
Interest expense	(121,820)	-	-	-	(121,820)
Gain (loss) on sale of assets	(8,176)	-	77,801	-	69,625
Total nonoperating revenues	(67,149)	849	81,265	13,127	28,092
<b>Income (Loss) - Before transfers</b>	(1,298,083)	(154,710)	201,207	266,941	(984,645)
<b>Capital Contributions</b>	250,000	-	-	-	250,000
<b>Transfers</b>					
Transfer in	785,800	24,370	-	-	810,170
Transfer out	(658,960)	-	-	-	(658,960)
Total transfers	126,840	24,370	-	-	151,210
<b>Net Income (Loss)</b>	(921,243)	(130,340)	201,207	266,941	(583,435)
Net Assets - Beginning of year	44,209,535	4,002,697	8,740,287	1,177,516	58,130,035
Net Assets - End of year	<u>\$ 43,288,292</u>	<u>\$ 3,872,357</u>	<u>\$ 8,941,494</u>	<u>\$ 1,444,457</u>	<u>\$ 57,546,600</u>

# City of Rochester Hills, Michigan

## Combining Statement of Cash Flows Internal Service Funds December 31, 2010

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 2,151,627	\$ 1,280,820	\$ 2,329,865	\$ 534,157	\$ 6,296,469
Cash payments for goods and services	(1,767,323)	(451,651)	(907,691)	(483,220)	(3,609,885)
Cash payments to employees	(458,471)	(807,146)	(669,652)	-	(1,935,269)
Other operating revenue	<u>135,983</u>	<u>2,832</u>	<u>437</u>	<u>58,878</u>	<u>198,130</u>
Net cash provided by (used in) operating activities	61,816	24,855	752,959	109,815	949,445
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers in from other funds	126,840	24,370	-	-	151,210
Noncapital grant advance refunded	<u>(582,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(582,558)</u>
Net cash provided by noncapital financing activities	(455,718)	24,370	-	-	(431,348)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sale of capital assets	-	-	77,801	-	77,801
Payment for capital acquisitions	(244,907)	(7,346)	(697,865)	-	(950,118)
Principal payments	(225,000)	-	-	-	(225,000)
Interest paid	<u>(124,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,319)</u>
Net cash used in capital and related financing activities	(594,226)	(7,346)	(620,064)	-	(1,221,636)
<b>Cash Flows from Investing Activities</b>					
Purchase of investment securities	(7,349,063)	(3,240,477)	(6,491,863)	-	(17,081,403)
Proceeds from maturities of investment securities	5,521,577	3,296,199	6,345,758	-	15,163,534
Receipts of interest and dividends	<u>60,597</u>	<u>7,053</u>	<u>(3,259)</u>	<u>13,127</u>	<u>77,518</u>
Net cash provided by (used in) investing activities	<u>(1,766,889)</u>	<u>62,775</u>	<u>(149,364)</u>	<u>13,127</u>	<u>(1,840,351)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>					
	(2,755,017)	104,654	(16,469)	122,942	(2,543,890)
Cash and Cash Equivalents - January 1, 2010	<u>3,635,220</u>	<u>582,813</u>	<u>1,176,009</u>	<u>1,023,045</u>	<u>6,417,087</u>
Cash and Cash Equivalents - December 31, 2010	<u>\$ 880,203</u>	<u>\$ 687,467</u>	<u>\$ 1,159,540</u>	<u>\$ 1,145,987</u>	<u>\$ 3,873,197</u>

(Continued on next page)

# City of Rochester Hills, Michigan

## Combining Statement of Cash Flows Internal Service Funds (continued) Year Ended December 31, 2010

	Facilities Fund	Management Information Systems Fund	Fleet Equipment Fund	Insurance Fund	Total
<b>Reconciliation of Operating Income (Loss) to</b>					
<b>Net Cash from Operating Activities</b>					
Operating income (loss)	\$ (1,230,934)	\$ (155,559)	\$ 119,942	\$ 253,814	\$ (1,012,737)
Adjustments to reconcile operating income (loss) to net cash from operating activities - Changes in assets and liabilities:					
Depreciation expense	1,214,908	120,278	563,289	-	1,898,475
Decrease (increase) in other assets	(51,086)	44,957	(3,821)	(79,493)	(89,443)
Increase in accounts payable and other accrued expenses	101,767	12,628	76,955	-	191,350
Increase (decrease) in accrued wages, vacation and annual leave	4,441	2,551	(3,406)	-	3,586
Increase (decrease) in other liabilities	22,720	-	-	(64,506)	(41,786)
Total adjustments	1,292,750	180,414	633,017	(143,999)	1,962,182
Net cash provided by (used in) operating activities	<u>\$ 61,816</u>	<u>\$ 24,855</u>	<u>\$ 752,959</u>	<u>\$ 109,815</u>	<u>\$ 949,445</u>



## Fiduciary Funds

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Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agency for individuals, private organizations, other governments, and/or funds. Agency Funds, which are custodial in nature (assets equal liabilities), do not involve measurement of results of operations.

### **Trust Fund:**

**Retiree Health Care Trust Fund** – This fund accounts for the activity of the postemployment employee health care benefit program provided by the City.

### **Agency Funds:**

**Trust and Agency Fund** – This fund accounts for advance payments, delinquent taxes, and licensing recorded here until received and/or disbursed.

**Tax Collection Fund** – This fund accounts for the collection and disbursement of current City tax levies.

**Payroll Fund** – This fund accounts for monies aggregated for payroll and payroll-related liabilities.

# City of Rochester Hills, Michigan

## Combining Statement of Net Assets

### Fiduciary Funds

December 31, 2010

	Retiree Health Care Benefit Trust	Trust and Agency Fund	Tax Collection Fund	Payroll Fund	Total Agency Funds
<b>Assets</b>					
<b>Assets</b>					
Cash	\$ 137,043	\$ 2,826	\$ 4,139,045	\$ 68,403	\$ 4,210,274
Investments - Asset allocation - Mutual funds	<u>2,140,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 2,277,839	<u>\$ 2,826</u>	<u>\$ 4,139,045</u>	<u>\$ 68,403</u>	<u>\$ 4,210,274</u>
<b>Liabilities</b>					
Accounts payable	-	\$ -	\$ -	\$ 15,256	\$ 15,256
Due to other governmental units	-	2,826	4,054,929	53,147	4,110,902
Accrued and other liabilities	<u>73</u>	<u>-</u>	<u>84,116</u>	<u>-</u>	<u>84,116</u>
Total liabilities	\$ <u>73</u>	<u>\$ 2,826</u>	<u>\$ 4,139,045</u>	<u>\$ 68,403</u>	<u>\$ 4,210,274</u>
Net Assets - Held in trust for benefits	<u>\$ 2,277,766</u>				

## City of Rochester Hills, Michigan

### Combining Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<b><u>Trust and Agency Fund</u></b>				
<b>Assets - Cash</b>	<b><u>\$ 15,154</u></b>	<b><u>\$ 219,458</u></b>	<b><u>\$ 231,786</u></b>	<b><u>\$ 2,826</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 123,594	\$ 123,594	\$ -
Due to other governmental units	<u>15,154</u>	<u>1,831,093</u>	<u>1,843,421</u>	<u>2,826</u>
Total liabilities	<b><u>\$ 15,154</u></b>	<b><u>\$ 1,954,687</u></b>	<b><u>\$ 1,967,015</u></b>	<b><u>\$ 2,826</u></b>
 <b><u>Tax Collection Fund</u></b>				
<b>Assets - Cash</b>	<b><u>\$ 4,689,836</u></b>	<b><u>\$ 151,523,665</u></b>	<b><u>\$ 152,074,456</u></b>	<b><u>\$ 4,139,045</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 112,884	\$ 112,884	\$ -
Due to other governmental/component units	4,623,834	132,680,401	133,249,306	4,054,929
Other liabilities	<u>66,002</u>	<u>447,831</u>	<u>429,717</u>	<u>84,116</u>
Total liabilities	<b><u>\$ 4,689,836</u></b>	<b><u>\$ 133,241,116</u></b>	<b><u>\$ 133,791,907</u></b>	<b><u>\$ 4,139,045</u></b>
 <b><u>Payroll Fund</u></b>				
<b>Assets - Cash</b>	<b><u>\$ 76,621</u></b>	<b><u>\$ 18,506,579</u></b>	<b><u>\$ 18,514,797</u></b>	<b><u>\$ 68,403</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 17,976	\$ 2,385,333	\$ 2,388,053	\$ 15,256
Due to other governmental/component units	<u>58,645</u>	<u>3,833,531</u>	<u>3,839,029</u>	<u>53,147</u>
Total liabilities	<b><u>\$ 76,621</u></b>	<b><u>\$ 6,218,864</u></b>	<b><u>\$ 6,227,082</u></b>	<b><u>\$ 68,403</u></b>



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## Statistical Section

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This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplemental 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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.



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## **Financial Trends**

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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, Michigan

	Fiscal Year		
	2003 (1)	2004	2005
<b>Governmental Activities</b>			
Invested in capital assets - Net of related debt	\$ 102,143,868	\$ 104,547,003	\$ 110,689,829
Restricted	39,330,766	40,857,866	44,263,028
Unrestricted	<u>11,314,980</u>	<u>13,463,681</u>	<u>19,576,062</u>
Total net assets	152,789,614	158,868,550	174,528,919
<b>Business-type Activities</b>			
Invested in capital assets - Net of related debt	101,977,631	102,001,742	102,222,247
Restricted	-	1,194,588	-
Unrestricted	<u>16,011,681</u>	<u>16,670,263</u>	<u>19,971,163</u>
Total net assets	117,989,312	119,866,593	122,193,410
<b>Primary Government in Total</b>			
Invested in capital assets - Net of related debt	204,121,499	206,548,745	212,912,076
Restricted	39,330,766	42,052,454	44,263,028
Unrestricted	<u>27,326,661</u>	<u>30,133,944</u>	<u>39,547,225</u>
Total net assets	<u>\$ 270,778,926</u>	<u>\$ 278,735,143</u>	<u>\$ 296,722,329</u>

(1) Prior to the issuance of the financial report for fiscal ending December 31, 2003 information relative to GASB No. 34 is not available.

## City of Rochester Hills, Michigan

### Net Assets by Component Last Eight Fiscal Years (Accrual Basis of Accounting)

Fiscal Year				
2006	2007	2008	2009	2010
\$ 114,283,971	\$ 120,942,021	\$ 132,920,551	\$ 143,262,388	\$ 145,384,763
49,911,176	49,530,590	46,078,458	45,513,634	47,311,191
<u>20,562,505</u>	<u>26,878,656</u>	<u>28,657,852</u>	<u>30,532,380</u>	<u>36,011,999</u>
184,757,652	197,351,267	207,656,861	219,308,402	228,707,953
103,730,294	112,770,535	112,451,368	109,473,244	108,400,368
-	-	-	-	-
<u>21,865,974</u>	<u>15,377,599</u>	<u>16,349,812</u>	<u>18,894,276</u>	<u>24,607,878</u>
125,596,268	128,148,134	128,801,180	128,367,520	133,008,246
218,014,265	233,712,556	245,371,919	252,735,632	253,785,131
49,911,176	49,530,590	46,078,458	45,513,634	47,311,191
<u>42,428,479</u>	<u>42,256,255</u>	<u>45,007,664</u>	<u>49,426,656</u>	<u>60,619,877</u>
<b><u>\$ 310,353,920</u></b>	<b><u>\$ 325,499,401</u></b>	<b><u>\$ 336,458,041</u></b>	<b><u>\$ 347,675,922</u></b>	<b><u>\$ 361,716,199</u></b>

# City of Rochester Hills, Michigan

	Fiscal Year		
	2003 (1)	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government	\$ 5,315,958	\$ 6,536,790	\$ 4,682,613
Public works	11,821,075	10,202,863	10,077,715
Public safety	12,454,832	15,209,176	15,572,006
Community and economic development	1,122,233	1,408,730	1,321,727
Recreation and culture	10,811,594	4,368,573	4,478,326
Interest on long-term debt	2,756,725	2,412,476	2,383,866
Total governmental activities expenses	44,282,417	40,138,608	38,516,253
Business-type activities - Water and sewer	19,940,733	19,689,872	23,062,151
Total primary government expenses	<u>64,223,150</u>	<u>59,828,480</u>	<u>61,578,404</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	162,091	174,428	210,223
Public works	300,572	623,368	494,101
Public safety	3,377,608	3,961,344	3,703,136
Community and economic development	237,043	385,776	198,384
Recreation and culture	545,082	499,698	636,928
Operating grants and contributions	4,574,716	4,706,356	4,468,171
Capital grants and contributions	3,853,788	1,917,810	6,162,297
Total governmental activities program revenues	13,050,900	12,268,780	15,873,240
Business-type activities - Water and sewer			
Charges for service	17,724,657	17,775,411	20,535,851
Capital grants and contributions	2,015,412	3,524,627	3,840,383
Total business-type activities program revenues	19,740,069	21,300,038	24,376,234
Total primary government program revenues	<u>32,790,969</u>	<u>33,568,818</u>	<u>40,249,474</u>
<b>Net (Expense) Revenue</b>			
Governmental activities	(31,231,517)	(27,869,828)	(22,643,013)
Business-type activities	(200,664)	1,610,166	1,314,083
Total primary government net expenses	<u>(31,432,181)</u>	<u>(26,259,662)</u>	<u>(21,328,930)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Property taxes	24,461,796	26,077,515	27,492,422
State-shared revenues	5,712,210	5,443,641	5,395,634
Unrestricted investment earnings	918,270	944,204	2,618,951
Unrestricted cable franchise fees	551,341	660,039	647,350
Miscellaneous	602,605	823,365	1,031,921
Gain on sale of capital assets	-	-	1,118,104
Extraordinary item - Consent judgement	-	-	-
Total general governmental revenues	32,246,222	33,948,764	38,304,382
Business-type activities			
Unrestricted investment earnings	249,785	245,237	517,710
Miscellaneous	19,540	21,878	495,024
Total general business-type revenues	269,325	267,115	1,012,734
Total primary government program revenues	32,515,547	34,215,879	39,317,116
<b>Change in Net Assets</b>			
Governmental activities	1,014,705	6,078,936	15,661,369
Business-type activities	68,661	1,877,281	2,326,817
Total primary government	<u>1,083,366</u>	<u>7,956,217</u>	<u>17,988,186</u>

(1) Prior to the issuance of the financial report for fiscal ending December 31, 2003 information relative to GASB No. 34 is not available

# City of Rochester Hills, Michigan

## Changes in Net Assets Last Eight Fiscal Years (Accrual Basis of Accounting)

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	6,299,416	\$	5,190,888	\$	5,090,089	\$	6,347,983	\$	5,225,635
	10,138,213		11,521,381		12,195,118		11,263,739		12,220,800
	16,632,031		17,721,910		18,700,427		18,392,571		18,072,766
	1,153,060		1,193,025		1,203,475		1,066,989		894,785
	4,744,567		5,098,671		6,626,340		4,876,599		4,612,372
	<u>2,231,178</u>		<u>2,020,901</u>		<u>1,822,708</u>		<u>1,616,853</u>		<u>1,317,638</u>
	41,198,465		42,746,776		45,638,157		43,564,734		42,343,996
	<u>22,710,087</u>		<u>23,983,445</u>		<u>26,363,970</u>		<u>26,896,023</u>		<u>27,112,560</u>
	<u>63,908,552</u>		<u>66,730,221</u>		<u>72,002,127</u>		<u>70,460,757</u>		<u>69,456,556</u>
	171,991		191,352		193,570		197,758		250,305
	360,254		220,996		274,862		328,823		62,222
	3,453,260		3,387,525		3,432,773		3,078,049		3,740,432
	204,898		84,036		91,197		30,326		47,516
	604,141		663,262		694,404		758,658		842,766
	4,721,131		4,759,738		4,579,943		4,453,885		4,449,772
	<u>2,450,364</u>		<u>1,662,224</u>		<u>3,160,070</u>		<u>5,425,635</u>		<u>3,597,135</u>
	11,966,039		10,969,133		12,426,819		14,273,134		12,990,148
	21,271,242		24,423,551		24,887,533		25,901,158		28,970,666
	<u>3,782,154</u>		<u>1,159,068</u>		<u>1,611,334</u>		<u>362,930</u>		<u>2,653,340</u>
	<u>25,053,396</u>		<u>25,582,619</u>		<u>26,498,867</u>		<u>26,264,088</u>		<u>31,624,006</u>
	<u>37,019,435</u>		<u>36,551,752</u>		<u>38,925,686</u>		<u>40,537,222</u>		<u>44,614,154</u>
	(29,232,426)		(31,777,643)		(33,211,338)		(29,291,600)		(29,353,848)
	<u>2,343,309</u>		<u>1,599,174</u>		<u>134,897</u>		<u>(631,935)</u>		<u>4,511,446</u>
	<u>(26,889,117)</u>		<u>(30,178,469)</u>		<u>(33,076,441)</u>		<u>(29,923,535)</u>		<u>(24,842,402)</u>
	29,985,752		31,851,346		32,791,719		32,898,199		31,667,939
	5,341,983		5,362,252		5,270,042		4,543,462		4,449,876
	4,900,644		5,578,240		3,861,984		1,180,742		850,707
	968,467		944,073		978,304		1,037,993		1,217,626
	619,505		571,400		572,796		1,165,537		462,127
	87,108		63,947		42,087		117,208		105,124
	<u>(2,443,300)</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	39,460,159		44,371,258		43,516,932		40,943,141		38,753,399
	972,934		918,369		498,092		194,351		122,272
	<u>86,615</u>		<u>34,323</u>		<u>20,057</u>		<u>3,924</u>		<u>7,008</u>
	<u>1,059,549</u>		<u>952,692</u>		<u>518,149</u>		<u>198,275</u>		<u>129,280</u>
	40,519,708		45,323,950		44,035,081		41,141,416		38,882,679
	10,227,733		12,593,615		10,305,594		11,651,541		9,399,551
	<u>3,402,858</u>		<u>2,551,866</u>		<u>653,046</u>		<u>(433,660)</u>		<u>4,640,726</u>
	<u>13,630,591</u>		<u>15,145,481</u>		<u>10,958,640</u>		<u>11,217,881</u>		<u>14,040,277</u>

# City of Rochester Hills, Michigan

	Fiscal Year			
	2001	2002	2003	2004
<b>General Fund</b>				
Committed				
Budget stabilization	-	-	1,000,000	1,000,000
Consent judgement	-	-	-	-
Unassigned	<u>9,505,269</u>	<u>9,858,496</u>	<u>9,695,451</u>	<u>9,539,249</u>
Total General Fund	9,505,269	9,858,496	10,695,451	10,539,249
<b>All Other Governmental Funds</b>				
<b>Nonspendable</b>				
Inventory	66,873	73,195	39,359	68,766
<b>Restricted</b>				
Road construction and maintenance	23,908,389	21,864,831	19,903,884	16,777,742
Fire service	3,606,296	1,845,998	1,269,362	1,397,618
Police protection	979,217	1,105,733	1,107,756	945,379
Pathway operations and maintenance	305,548	178,634	190,372	207,912
Drain improvements	3,858,466	4,128,718	4,468,904	4,777,606
Recreation and senior program	7,079	12,042	-	-
Cemetery maintenance	871,059	940,546	966,534	1,020,834
Tree conservation and maintenance	-	-	-	1,354,007
Green space preservation	-	-	-	-
Debt service	3,446,405	3,722,903	3,746,922	6,749,421
Pathway construction	1,111,821	1,575,378	1,814,914	2,070,513
Fire vehicles and equipment	-	3,304,768	3,860,421	4,596,155
Facility construction	8,099,619	14,874,220	1,962,338	891,913
<b>Committed</b>				
Capital projects	<u>1,113,060</u>	<u>579,835</u>	<u>1,050,562</u>	<u>1,409,658</u>
Total other governmental funds	<u>47,373,832</u>	<u>54,206,801</u>	<u>40,381,328</u>	<u>42,267,524</u>
Total of all governmental funds	<u>56,879,101</u>	<u>64,065,297</u>	<u>51,076,779</u>	<u>52,806,773</u>

## City of Rochester Hills, Michigan

### Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Fiscal Year					
2005	2006	2007	2008	2009	2010
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
-	2,443,300	-	-	-	-
<u>11,002,987</u>	<u>10,136,148</u>	<u>12,885,787</u>	<u>14,429,937</u>	<u>14,153,056</u>	<u>18,175,688</u>
12,002,987	13,579,448	13,885,787	15,429,937	15,153,056	19,175,688
43,808	60,563	60,151	107,532	108,824	130,100
18,915,593	21,301,410	20,213,575	18,687,480	18,106,023	19,441,018
1,172,238	1,227,513	1,642,698	1,794,465	1,938,315	2,634,008
742,979	407,633	200,003	245,991	383,932	563,609
230,296	241,870	75,302	111,456	144,891	208,313
5,704,215	6,038,430	6,050,306	5,113,813	4,520,953	4,317,799
-	-	-	-	-	-
879,249	1,119,520	1,097,072	1,148,067	1,011,007	1,048,457
1,343,801	1,441,848	1,557,407	1,638,492	1,659,911	1,643,884
-	1,052,673	1,543,267	1,425,054	2,265,823	3,303,468
6,999,896	6,569,620	5,983,256	4,923,532	4,706,620	4,250,814
2,312,626	2,469,796	2,661,979	2,511,653	2,603,150	1,607,372
5,918,327	7,980,300	8,445,574	8,370,923	8,064,185	8,162,349
-	-	-	-	-	-
<u>2,230,385</u>	<u>2,824,669</u>	<u>3,602,963</u>	<u>3,947,103</u>	<u>3,810,494</u>	<u>3,922,640</u>
<u>46,493,413</u>	<u>52,735,845</u>	<u>53,133,553</u>	<u>50,025,561</u>	<u>49,324,128</u>	<u>51,233,831</u>
<u><u>58,496,400</u></u>	<u><u>66,315,293</u></u>	<u><u>67,019,340</u></u>	<u><u>65,455,498</u></u>	<u><u>64,477,184</u></u>	<u><u>70,409,519</u></u>

# City of Rochester Hills, Michigan

	Fiscal Year			
	2001	2002	2003	2004
<b>Revenue</b>				
Property taxes	\$ 21,728,349	\$ 23,569,820	\$ 24,461,796	\$ 26,077,515
Licenses and permits	1,693,613	2,020,444	2,060,010	2,379,571
Federal grants	256,751	206,429	407,022	436,595
State-shared revenues and grants	10,506,937	10,382,568	10,342,521	10,008,449
Other governmental revenues	127,627	269,123	205,265	244,079
Charges for services	5,406,447	4,902,224	5,596,345	5,860,708
Fines and forfeitures	404,891	475,074	547,780	520,485
Interest earnings	3,146,429	1,812,564	1,015,918	879,770
Other	1,014,057	1,630,246	1,848,796	385,795
<b>Total revenue</b>	<b>44,285,101</b>	<b>45,268,492</b>	<b>46,485,453</b>	<b>46,792,967</b>
<b>Expenditures</b>				
Current:				
General government	7,470,855	7,863,728	6,735,682	6,941,792
Public works	1,620,826	1,509,771	1,746,720	1,701,092
Public safety	12,397,928	13,286,384	13,959,215	15,036,185
Community and economic development	-	-	1,099,351	1,401,921
Streets	4,959,887	5,287,024	4,810,972	3,907,165
Recreation and culture	3,412,046	4,060,889	4,298,932	4,033,302
Capital outlay	9,420,085	15,392,464	20,175,677	3,815,752
Debt service				
Principal	2,820,774	3,087,550	3,857,433	4,353,516
Interest	1,779,214	2,474,909	2,545,378	2,298,669
Miscellaneous	5,461	130,700	78,548	40,630
<b>Total expenditures</b>	<b>43,887,076</b>	<b>53,093,419</b>	<b>59,307,908</b>	<b>43,530,024</b>
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	398,025	(7,824,927)	(12,822,455)	3,262,943
<b>Other Financing Sources (Uses)</b>				
Debt issuance	14,610,000	21,508,992	2,810,626	1,120,000
Debt premium or discount	-	-	-	8,917
Sale of assets	-	-	65,316	46,952
Transfers in	16,073,513	25,515,334	13,491,801	14,297,368
Transfers out	(19,733,959)	(24,768,756)	(14,960,815)	(15,915,610)
Payment to refund bond escrow agent	-	(7,313,934)	(2,741,603)	(1,090,576)
<b>Total other financing sources (uses)</b>	<b>10,949,554</b>	<b>14,941,636</b>	<b>(1,334,675)</b>	<b>(1,532,949)</b>
<b>Net Change in Fund Balances</b>	<b>11,347,579</b>	<b>7,116,709</b>	<b>(14,157,130)</b>	<b>1,729,994</b>
<b>Fund Balances - Beginning of year</b>	<b>45,531,522</b>	<b>58,117,200</b>	<b>65,233,909</b>	<b>51,076,779</b>
<b>Fund Balances - End of year</b>	<b>\$ 56,879,101</b>	<b>\$ 65,233,909</b>	<b>\$ 51,076,779</b>	<b>\$ 52,806,773</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	13.35%	14.75%	16.36%	16.75%



## City of Rochester Hills, Michigan

### Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

		Fiscal Year					
		2005	2006	2007	2008	2009	2010
\$	27,492,422	\$ 29,985,752	\$ 31,851,346	\$ 32,791,719	\$ 32,898,199	\$ 31,667,939	
	1,929,475	2,085,161	1,833,330	1,812,760	1,684,243	2,277,128	
	271,076	196,306	417,451	1,088,216	326,125	941,478	
	9,805,835	9,720,235	9,632,935	9,447,908	8,700,365	8,466,325	
	260,660	271,548	278,750	1,834,527	1,332,549	600,690	
	6,974,473	6,365,265	6,052,030	6,770,913	7,305,795	7,557,775	
	575,901	446,243	421,141	471,195	380,016	440,886	
	2,226,383	4,003,059	4,663,989	3,175,803	954,946	792,526	
	<u>1,410,503</u>	<u>471,312</u>	<u>452,595</u>	<u>476,695</u>	<u>1,369,885</u>	<u>754,424</u>	
	50,946,728	53,544,881	55,603,567	57,869,736	54,952,123	53,499,171	
	7,149,633	6,747,880	8,799,097	7,367,155	8,551,010	7,076,133	
	2,527,976	2,298,684	1,819,806	1,965,170	2,240,229	2,020,511	
	15,695,576	16,599,439	17,726,727	18,418,447	18,543,168	18,038,190	
	1,325,230	1,144,244	1,182,824	1,199,020	1,060,982	887,169	
	2,764,324	3,294,116	4,433,168	4,855,495	4,947,355	5,141,160	
	4,315,311	4,691,740	5,064,526	5,146,701	4,801,681	4,605,997	
	5,253,484	3,510,025	8,080,138	13,763,238	8,880,496	3,261,641	
	4,498,024	4,286,060	4,496,018	4,644,708	4,997,417	4,848,247	
	2,087,708	2,077,158	1,887,132	1,717,185	1,528,045	1,270,761	
	<u>103,387</u>	<u>1,359</u>	<u>824</u>	<u>24,559</u>	<u>53,069</u>	<u>184,038</u>	
	<u>45,720,653</u>	<u>44,650,705</u>	<u>53,490,260</u>	<u>59,101,678</u>	<u>55,603,452</u>	<u>47,333,847</u>	
	5,226,075	8,894,176	2,113,307	(1,231,942)	(651,329)	6,165,324	
	3,235,000	-	-	-	-	13,645,000	
	-	-	-	-	-	-	
	38,401	-	-	-	-	-	
	9,949,344	10,208,696	10,105,249	11,739,222	12,218,041	9,993,536	
	(12,758,196)	(11,284,976)	(11,514,509)	(12,071,122)	(12,545,026)	(10,144,746)	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,726,779)</u>	
	<u>464,549</u>	<u>(1,076,280)</u>	<u>(1,409,260)</u>	<u>(331,900)</u>	<u>(326,985)</u>	<u>(232,989)</u>	
	5,690,624	7,817,896	704,047	(1,563,842)	(978,314)	5,932,335	
	<u>52,806,773</u>	<u>58,497,397</u>	<u>66,315,293</u>	<u>67,019,340</u>	<u>65,455,498</u>	<u>64,477,184</u>	
<b>\$</b>	<b><u>58,497,397</u></b>	<b><u>66,315,293</u></b>	<b><u>67,019,340</u></b>	<b><u>65,455,498</u></b>	<b><u>64,477,184</u></b>	<b><u>70,409,519</u></b>	
	16.27%	15.47%	14.06%	14.03%	13.97%	13.88%	



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## **Revenue Capacity**

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



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# City of Rochester Hills, Michigan

## Revenue Capacity Information Taxable Value and Actual Value of Taxable Property

Fiscal Year	Tax Year	Taxable Value by Property Type					Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
		Real Property			Personal Property	Total Value			
		Residential	Commercial	Industrial					
2001	2000	\$ 1,893,354,856	\$ 311,774,100	\$ 173,950,870	\$ 227,579,800	\$ 2,606,659,626	9.1498	\$ 5,933,598,420	43.93%
2002	2001	2,020,107,840	330,144,480	180,596,730	227,393,630	2,758,242,680	9.3681	6,357,556,220	43.39%
2003	2002	2,149,339,990	340,664,350	204,236,040	216,081,110	2,910,321,490	9.3681	6,820,348,980	42.67%
2004	2003	2,268,429,800	393,431,720	197,006,740	205,993,980	3,064,862,240	9.3681	7,284,097,520	42.08%
2005	2004	2,415,192,410	409,780,590	201,887,100	203,963,970	3,230,824,070	9.3681	7,654,823,720	42.21%
2006	2005	2,573,882,270	440,887,010	199,880,260	187,326,370	3,401,975,910	9.6681	8,024,712,900	42.39%
2007	2006	2,720,759,290	478,220,740	202,502,370	200,536,560	3,602,018,960	9.7060	8,368,567,980	43.04%
2008	2007	2,801,498,910	510,999,610	209,350,210	205,537,880	3,727,386,610	9.7060	8,351,078,480	44.63%
2009	2008	2,782,059,550	545,149,070	211,159,600	204,285,970	3,742,654,190	9.7060	8,084,781,040	46.29%
2010	2009	2,637,547,585	564,580,740	207,544,800	191,244,010	3,600,917,135	9.7060	7,472,052,230	48.19%

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.

# City of Rochester Hills, Michigan

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes				
	General Operating	Special Purpose	Debt	Total Direct Taxes	Oakland County Operating	Huron/Clinton Metro Authority	County Parks	Zoo Authority	Oakland Community College
2001									
Homestead	2.8277	4.9982	1.5422	9.3681	4.1900	0.2186	0.2352	-	1.5952
Nonhomestead	2.8277	4.9982	1.5422	9.3681	4.1900	0.2186	0.2352	-	1.5952
2002									
Homestead	2.9188	5.0136	1.4357	9.3681	4.1900	0.2170	0.2453	-	1.6090
Nonhomestead	2.9188	5.0136	1.4357	9.3681	4.1900	0.2170	0.2453	-	1.6090
2003									
Homestead	3.0850	4.9673	1.3158	9.3681	4.1900	0.2161	0.2436	-	1.5983
Nonhomestead	3.0850	4.9673	1.3158	9.3681	4.1900	0.2161	0.2436	-	1.5983
2004									
Homestead	3.1130	4.9339	1.3212	9.3681	4.1900	0.2154	0.2422	-	1.5889
Nonhomestead	3.1130	4.9339	1.3212	9.3681	4.1900	0.2154	0.2422	-	1.5889
2005									
Homestead	3.2169	5.1809	1.2703	9.6681	4.1900	0.2146	0.2415	-	1.5844
Nonhomestead	3.2169	5.1809	1.2703	9.6681	4.1900	0.2146	0.2415	-	1.5844
2006									
Homestead	3.7220	4.7980	1.1860	9.7060	4.1900	0.2146	0.2415	-	1.5844
Nonhomestead	3.7220	4.7980	1.1860	9.7060	4.1900	0.2146	0.2415	-	1.5844
2007									
Homestead	3.8226	4.7980	1.0854	9.7060	4.1900	0.2146	0.2415	-	1.5844
Nonhomestead	3.8226	4.7980	1.0854	9.7060	4.1900	0.2146	0.2415	-	1.5844
2008									
Homestead	3.7298	4.7980	1.1782	9.7060	4.1900	0.2146	0.2415	0.1000	1.5844
Nonhomestead	3.7298	4.7980	1.1782	9.7060	4.1900	0.2146	0.2415	0.1000	1.5844
2009									
Homestead	3.7545	4.7980	1.1535	9.7060	4.1900	0.2146	0.2415	0.1000	1.5844
Nonhomestead	3.7545	4.7980	1.1535	9.7060	4.1900	0.2146	0.2415	0.1000	1.5844
2010									
Homestead	3.7242	5.1525	0.8293	9.7060	4.1900	0.2146	0.2415	0.1000	1.5844
Nonhomestead	3.7242	5.1525	0.8293	9.7060	4.1900	0.2146	0.2415	0.1000	1.5844

Source: City of Rochester Hills

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General Operating	Special Purpose	Debt
2010	3.9132	4.9544	No limit

# City of Rochester Hills, Michigan

## Revenue Capacity Information Direct and Overlapping Property Tax Rates

Overlapping Taxes										Total Direct and Overlapping Rates by Resident's School District	
Oakland Intermediate School District	Rochester Community School District			Avondale School District					Rochester Community Schools		
	State Education			State Education							
	Tax	Operating	Debt	Tax	Operating	Supplemental	Sinking	Debt	Schools	Schools	
3.4526	6.0000	-	5.2250	6.0000	-	1.7298	-	7.0000	26.6019	24.8791	
3.4526	6.0000	17.3013	5.2250	6.0000	18.0000	-	-	7.0000	43.9032	41.1493	
3.4224	6.0000	-	5.2250	6.0000	-	1.6793	-	7.0000	26.4875	24.7444	
3.4224	6.0000	18.0000	5.2250	6.0000	18.0000	-	-	7.0000	44.4875	41.0651	
3.3991	5.0000	-	5.2250	5.0000	-	1.5965	0.6000	7.0000	25.3310	24.1284	
3.3991	5.0000	18.0000	5.2250	5.0000	18.0000	-	0.6000	7.0000	43.3310	40.5319	
3.3789	6.0000	-	5.1800	6.0000	-	1.4092	0.6000	7.0000	26.3047	24.9350	
3.3789	6.0000	18.0000	5.1800	6.0000	18.0000	-	0.6000	7.0000	44.3047	41.5258	
3.3690	6.0000	-	5.1800	6.0000	-	1.3203	0.5989	7.0000	26.5379	25.0881	
3.3690	6.0000	18.0000	5.1800	6.0000	18.0000	-	0.5989	7.0000	44.5379	41.7678	
3.3690	6.0000	-	5.1800	6.0000	-	1.2503	0.5936	7.0000	26.4915	24.9664	
3.3690	6.0000	18.0000	5.1800	6.0000	18.0000	-	0.5936	7.0000	44.4915	41.7161	
3.3690	6.0000	-	5.1800	6.0000	-	1.2602	0.5936	7.0000	30.4855	34.1593	
3.3690	6.0000	18.0000	5.1800	6.0000	18.0000	-	0.5936	7.0000	48.4855	50.8991	
3.3690	6.0000	-	5.1800	6.0000	-	1.0998	0.6000	7.0000	30.5885	34.1050	
3.3690	6.0000	18.0000	5.1800	6.0000	18.0000	-	0.6000	7.0000	48.5885	51.0050	
3.3690	6.0000	-	5.1800	6.0000	-	1.1526	0.6000	7.0000	30.5885	34.1581	
3.3690	6.0000	18.0000	5.1800	6.0000	18.0000	-	0.6000	7.0000	48.5885	51.0055	
3.3690	6.0000	-	6.7000	6.0000	-	1.3120	0.6000	7.0000	32.1055	34.3175	
3.3690	6.0000	18.0000	6.7000	6.0000	18.0000	-	0.6000	7.0000	50.1055	51.0055	

# City of Rochester Hills, Michigan

## Revenue Capacity Information

### Principal Property Taxpayers

Taxpayer	2010			2001		
	2010 Taxable Value	Percentage of Total	2010 Rank	2001 Taxable Value	Percentage of Total	2001 Rank
Singh Cider Mill Village	\$ 27,764,100	0.77	1	\$ -	-	-
Meadowbrook Associates	25,289,410	0.70	2	-	-	-
Detroit Edison	24,752,440	0.69	3	29,079,280	1.05	1
New Plan (Hampton Village Center)	21,540,770	0.60	4	20,258,890	0.73	2
Stuart Frankel	16,523,980	0.46	5	16,874,870	0.61	3
Winchester Center LLC	15,739,080	0.44	6	-	-	-
Fanuc Robotics	14,703,030	0.41	7	14,981,560	0.54	5
1185 River Oaks North, LLC (Solomon Properties)	12,999,540	0.36	8	15,360,710	0.56	4
Associate Estates Realty	12,960,780	0.36	9	-	-	-
Joel Nosanchuk	11,416,920	0.32	10	-	-	-
Consumers Power	-	-	-	13,398,590	0.49	6
Lectron Products(Eaton)	-	-	-	13,345,800	0.48	7
Village Green	-	-	-	12,969,400	0.47	8
Singh Associates	-	-	-	12,892,960	0.47	9
Stolaruk Corporation	-	-	-	12,488,090	0.45	10
Subtotal	183,690,050	5.11				
Other	<u>3,417,227,085</u>	<u>94.89</u>				
Total	<u><b>\$ 3,600,917,135</b></u>	<u><b>100.00</b></u>				

Source: City Assessing Department



## City of Rochester Hills, Michigan

### Revenue Capacity Information Property Tax Levies and Collections

Tax Year	<u>Total Levy</u>	<u>Current Collections</u>	<u>Percent Collected</u>	<u>Delinquent Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>
2001	\$ 23,914,509	\$ 22,997,740	96.2	\$ 772,899	\$ 23,770,639	99.4
2002	25,845,403	24,839,899	96.1	861,185	25,701,084	99.4
2003	27,239,989	26,222,382	96.3	879,231	27,101,614	99.5
2004	28,709,347	27,626,606	96.2	969,338	28,595,943	99.6
2005	30,256,675	28,998,137	95.8	1,051,151	30,049,288	99.3
2006	32,875,767	31,774,138	96.6	1,091,374	32,865,512	100.0
2007	34,941,567	33,496,756	95.9	1,471,825	34,968,580	100.0
2008	36,122,159	34,486,540	95.5	1,625,429	36,111,968	100.0
2009	36,290,684	34,712,620	95.7	1,625,806	36,338,426	100.0
2010	34,842,029	33,466,594	96.0	1,370,511	34,834,105	100.0

Source: City of Rochester Hills



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## **Debt Capacity**

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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, Michigan

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	2001	2002	2003	2004
<b>Governmental Activities</b>				
General obligation bonds	\$ 25,355,000	\$ 45,640,807	\$ 35,920,000	\$ 33,425,000
County contractual obligations	16,575,332	15,427,783	14,341,553	13,058,037
Special assessment bonds	5,375,000	4,925,000	4,445,000	3,940,000
Capital leases	<u>-</u>	<u>-</u>	<u>5,025,000</u>	<u>4,850,000</u>
 Total	 47,305,332	 65,993,590	 59,731,553	 55,273,037
<b>Business-type Activities</b>				
County contractual obligations	<u>4,684,876</u>	<u>7,500,807</u>	<u>-</u>	<u>-</u>
 Total debt of the government	 <u><b>\$ 51,990,208</b></u>	 <u><b>\$ 73,494,397</b></u>	 <u><b>\$ 59,731,553</b></u>	 <u><b>\$ 55,273,037</b></u>
 Total taxable value	 \$ 2,606,659,626	 \$ 2,758,242,680	 \$ 2,910,321,490	 \$ 3,064,862,240
 Ratio of total debt to taxable value	 1.99%	 2.66%	 2.05%	 1.80%
 Total population	 68,825	 68,825	 68,825	 68,825
 Total debt per capita based on taxable value	 \$ 755.40	 \$ 1,067.84	 \$ 867.88	 \$ 803.10

## City of Rochester Hills, Michigan

### Debt Capacity Information Ratios of Outstanding Debt

	2005	2006	2007	2008	2009	2010
\$	30,760,000	\$ 28,505,000	\$ 26,150,000	\$ 23,680,000	\$ 20,880,000	\$ 18,320,000
	14,865,013	13,263,953	11,602,935	9,903,228	8,180,811	6,342,564
	3,535,000	3,105,000	2,625,000	2,150,000	1,675,000	1,350,000
	<u>4,650,000</u>	<u>3,630,000</u>	<u>3,430,000</u>	<u>3,205,000</u>	<u>2,980,000</u>	<u>2,755,000</u>
	53,810,013	48,503,953	43,807,935	38,938,228	33,715,811	28,767,564
	<u>3,800,000</u>	<u>3,700,000</u>	<u>3,550,000</u>	<u>3,400,000</u>	<u>3,250,000</u>	<u>4,172,069</u>
<b>\$</b>	<b><u>57,610,013</u></b>	<b><u>52,203,953</u></b>	<b><u>47,357,935</u></b>	<b><u>42,338,228</u></b>	<b><u>36,965,811</u></b>	<b><u>32,939,633</u></b>
\$	3,230,824,070	\$ 3,401,975,910	\$ 3,602,018,960	\$ 3,727,386,610	\$ 3,742,654,190	\$ 3,600,917,135
	1.78%	1.53%	1.31%	1.14%	0.99%	0.91%
	68,825	69,405	69,183	68,120	69,014	70,995
\$	837.05	\$ 752.16	\$ 684.53	\$ 621.52	\$ 535.63	\$ 463.97

# City of Rochester Hills, Michigan

## Debt Capacity Information

### Ratios of General Bonded Debt Outstanding

Fiscal Year	State Equalization Value	Population	General Bonded Debt Obligation Outstanding (1)	Other General Bonded Debt Obligations Outstanding (2)	Total Debt General Bonded Debt Obligation Outstanding	Obligation Debt to Taxable Value	General Obligation Debt per Capita
2001	\$ 3,178,778,110	68,825	\$ 25,355,000	\$ 16,575,332	\$ 41,930,332	1.32%	\$ 609.23
2002	3,410,174,490	68,825	38,140,000	15,427,783	53,567,783	1.57%	778.32
2003	3,642,048,760	68,825	35,920,000	19,366,553	55,286,553	1.52%	803.29
2004	3,827,411,860	68,825	33,425,000	17,908,037	51,333,037	1.34%	745.85
2005	4,012,356,450	68,825	30,760,000	19,515,013	50,275,013	1.25%	730.48
2006	4,184,283,990	69,405	28,505,000	16,893,953	45,398,953	1.08%	654.12
2007	4,175,552,010	69,183	26,150,000	15,032,935	41,182,935	0.99%	595.28
2008	4,042,390,520	68,120	23,680,000	13,108,228	36,788,228	0.91%	540.05
2009	3,728,995,735	69,014	20,880,000	11,160,811	32,040,811	0.86%	464.27
2010	3,238,195,190	70,995	16,945,000	9,097,564	26,042,564	0.80%	366.82

Source: City of Rochester Hills

(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 and capital lease.

## City of Rochester Hills, Michigan

### Debt Capacity Information Direct and Overlapping Governmental Activities Debt

Governmental Unit	Net General Bonded Debt Outstanding Fiscal Year 2010	City Share as Percent of Gross	Net City Share Fiscal Year 2010
Direct debt - City of Rochester Hills	\$ 16,945,000	100.00	\$ 16,945,000
Overlapping debt:			
Rochester School District	187,330,000	60.50	113,334,650
Avondale School District	105,166,115	48.76	51,278,998
Oakland County at Large	98,511,212	5.73	5,644,692
Oakland Community College	6,005,000	5.77	346,489
Oakland Intermediate School District	<u>64,735,000</u>	5.75	<u>3,722,263</u>
Total overlapping debt	<u>461,747,327</u>		<u>174,327,092</u>
Total	<u><b>\$ 478,692,327</b></u>		<u><b>\$ 191,272,092</b></u>

General bonded debt includes all direct bonded debt with the exception of Special

Overlapping debt figures supplied 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 that governmental unit's total taxable value.

# City of Rochester Hills, Michigan

	2001	2002	2003	2004
<b>Debt Limit</b>				
State equalized valuation	\$ 3,178,778,110	\$ 3,410,174,490	\$ 3,642,048,760	\$ 3,827,411,860
Debt limit (10 percent of State equalized valuation)	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
 Total debt limit	 317,877,811	 341,017,449	 364,204,876	 382,741,186
<b>Debt Subject to Debt Limit</b>				
Total debt	51,990,208	65,993,590	59,731,553	55,273,037
Less deduction:				
Special Assessment Bonds	5,025,000	4,925,000	4,445,000	3,940,000
Michigan Transportation Highway Fund Bonds	<u>4,055,000</u>	<u>3,680,000</u>	<u>3,210,000</u>	<u>2,695,000</u>
 Total amount of debt subject to limit	 <u>42,910,208</u>	 <u>57,388,590</u>	 <u>52,076,553</u>	 <u>48,638,037</u>
 <b>Legal Debt Margin</b>	 <u><u>\$ 274,967,603</u></u>	 <u><u>\$ 283,628,859</u></u>	 <u><u>\$ 312,128,323</u></u>	 <u><u>\$ 334,103,149</u></u>
 <b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	 13.50%	 16.83%	 14.30%	 12.71%



## City of Rochester Hills, Michigan

### Debt Capacity Information Legal Debt Margin

2005	2006	2007	2008	2009	2010
\$ 4,012,356,450	\$ 4,184,283,990	\$ 4,175,552,010	\$ 4,042,390,520	\$ 3,728,995,735	\$ 3,238,195,190
<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
401,235,645	418,428,399	417,555,201	404,239,052	372,899,574	323,819,519
57,610,013	52,203,953	47,357,935	42,338,228	36,965,811	32,936,633
3,555,000	3,105,000	2,625,000	2,150,000	1,675,000	1,350,000
<u>2,125,000</u>	<u>2,025,000</u>	<u>1,875,000</u>	<u>1,725,000</u>	<u>1,575,000</u>	<u>1,375,000</u>
<u>51,930,013</u>	<u>47,073,953</u>	<u>42,857,935</u>	<u>38,463,228</u>	<u>33,715,811</u>	<u>30,211,633</u>
<b><u>\$ 349,305,632</u></b>	<b><u>\$ 371,354,446</u></b>	<b><u>\$ 374,697,266</u></b>	<b><u>\$ 365,775,824</u></b>	<b><u>\$ 339,183,763</u></b>	<b><u>\$ 293,607,886</u></b>
12.94%	11.25%	10.26%	9.51%	9.04%	9.33%

## City of Rochester Hills, Michigan

Water and Sewer Revenue						
Fiscal Year	Operating Revenue	Operating Expenses (Less	Net Operating - Income (Loss)	Debt Service		Coverage
				Principal	Interest	
2001	\$ 12,252,949	\$ 13,931,164	\$ (1,678,215)	\$ 2,209,038	\$ 313,044	(0.19)
2002	15,813,734	16,398,796	(585,062)	2,384,069	172,155	(0.29)
2003	17,744,197	17,036,763	707,434	2,300,807	34,264	0.05
2004	17,797,289	16,436,274	1,361,015	-	-	-
2005	20,516,429	19,955,285	561,144	-	26,630	0.05
2006	24,457,874	20,406,353	4,051,521	100,000	131,115	0.03
2007	25,985,763	23,983,445	2,002,318	150,000	152,781	0.08
2008	24,910,422	22,174,326	2,736,096	150,000	146,781	0.05
2009	25,904,015	22,692,599	3,211,416	150,000	140,781	0.04
2010	29,010,706	22,995,479	6,015,227	150,000	133,636	0.02

Note: Details regarding outstanding debt can be found in Note 7 of the financial statements.

## City of Rochester Hills, Michigan

### Debt Capacity Information Pledged-revenue Coverage

		Special Assessment Bonds			
Special		Debt Service			
Assessment					
Collections	Principal	Interest	Coverage		
\$ 619,884	\$ 625,000	\$ 221,226		0.36	
405,365	700,000	277,669		0.68	
297,126	650,000	244,944		0.82	
213,212	505,000	209,690		0.98	
164,366	405,000	184,884		1.12	
103,190	430,000	165,724		1.61	
90,333	480,000	145,093		1.61	
95,057	475,000	122,020		1.28	
84,006	475,000	99,050		1.18	
68,032	325,000	77,125		1.13	



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## **Demographic and Economic Information**

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



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# City of Rochester Hills, Michigan

## Demographic and Economic Information Housing Profile

Fiscal Year	Population		Personal Income	Per Capita	Unemployment	City Housing
			(in Thousands)	Personal Income	Rate (5)	Profile Number of Units (4)
2001	68,825	(3)	(1)	(1)	2.5	28,191
2002	68,825	(3)	(1)	(1)	3.0	28,536
2003	68,825	(3)	(1)	(1)	3.2	28,723
2004	68,825	(3)	(1)	(1)	3.2	29,485
2005	68,825	(3)	(1)	(1)	3.3	29,590
2006	69,405	(2)	(1)	(1)	3.3	29,813
2007	69,183	(2)	(1)	(1)	3.6	29,760
2008	68,120	(2)	(1)	(1)	4.1	29,800
2009	69,014	(2)	(1)	(1)	7.9	29,303
2010	70,995	(3)	(1)	(1)	7.5	29,861

(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

# City of Rochester Hills, Michigan

## Demographic and Economic Information

### Principal Employers

2010 Rank	Principal Employers	2010 Employees	Percentage of Total	2001 Employees	Percentage of Total	2001 Rank
1	Rochester Community Schools	1,691	4.54%	(1)	(1)	(1)
2	Crittenton Hospital	1,670	4.48%	(1)	(1)	(1)
3	Oakland University	1,480	3.97%	(1)	(1)	(1)
4	Fanuc Robotics	550	1.48%	(1)	(1)	(1)
5	Wright & Filippis, Inc.	421	1.13%	(1)	(1)	(1)
6	Webasto Roof Systems, Inc.	383	1.03%	(1)	(1)	(1)
7	Volkswagen/Audi	380	1.02%	(1)	(1)	(1)
8	Dura Automotive	280	0.75%	(1)	(1)	(1)
9	Henry Ford Health Systems Technologies	280	0.75%	(1)	(1)	(1)
10	Computer & Engineering Services	250	0.67%	(1)	(1)	(1)

Source: City Planning Department



# City of Rochester Hills, Michigan

## Demographic and Economic Information Construction Activity

<u>Fiscal Year</u>	<u>Total Building Permits</u>	<u>Total Construction Valuation</u>
2001	759	\$ 106,582,700
2002	886	145,489,900
2003	1,058	130,369,246
2004	1,005	170,586,904
2005	780	118,058,400
2006	604	93,315,021
2007	621	89,856,530
2008	459	73,550,900
2009	426	48,545,250
2010	502	63,610,325

Source: City Building Department

# City of Rochester Hills, Michigan

## Demographic and Economic Information

### Miscellaneous Demographics

<b>Population (1)</b>		<b>Labor Characteristics (1)</b>	
2010 U.S. Census *	70,995	<b>Occupation</b>	<b>Number of Employees</b>
2000 U.S. Census	68,825	Management, professional, and related	19,201
1990 U.S. Census	61,766	Service	2,935
		Sales and office	9,226
		Farming, forestry, and fishing	26
		Construction, extraction, and maintenance	1,855
		Production, transportation, and material moving	<u>2,801</u>
		<b>Total</b>	<b><u>36,044</u></b>
<b>Income Characteristics (1)</b>		<b>Industry (1)</b>	
<b>Household Income</b>	<b>Number of Households</b>	Agriculture, forestry, fishing, hunting, and mining	25
Less than \$10,000	823	Construction	1,462
\$10,000 - \$14,999	866	Manufacturing	9,553
\$15,000 - \$24,999	1,679	Wholesale trade	1,424
\$25,000 - \$34,999	1,751	Retail trade	4,283
\$35,000 - \$49,999	3,053	Transportation, warehousing, and utilities	581
\$50,000 - \$74,999	5,025	Information	642
\$75,000 - \$99,999	4,251	Finance, insurance, real estate, rental, and leasing	2,296
\$100,000 - \$149,999	5,086	Professional, scientific, management, administrative, and waste management services	4,698
\$150,000 or more	3,829	Educational, health, and social services	7,150
		Arts, entertainment, recreation, accomodation, and food services	1,988
		Other professional and related services	1,257
		Public administration	<u>685</u>
		<b>Total</b>	<b><u>36,044</u></b>
<b>Residential Characteristics (1)</b>		<b>Educational Characteristics (1)</b>	
		<b>Years of School Completed</b>	<b>Persons 25 and Over</b>
Single Family	75.40%	Less than 9th grade	2.20%
Multi Family	19.40%	9th to 12th grade, no diploma	5.10%
Mobile Homes	5.20%	High school graduate	18.30%
		Some college, no degree	20.20%
		Associate's degree	6.90%
		Bachelor's degree	28.30%
		Graduate or professional degree	18.90%
<b>Age Statistics (1)</b>			
<b>Years</b>	<b>2000</b>		
Under 5	6.50%		
5 to 19	21.60%		
20 to 24	4.50%		
25 to 44	30.10%		
45 to 64	26.60%		
Over 64	10.70%		

Source: U.S. Census Bureau (2000 and 2010\* Census)

(1) For fiscal year 2010

## **Operating Information**

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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.



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## City of Rochester Hills, Michigan

### Operating Information Full-Time Equivalent Government Employees

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:										
Mayor	13	13	12	12	11	10	12	12	13	11
Election and clerks	9	6	8	8	8	9	9	8	8	8
Accounting	9	9	9	10	9	9	9	9	9	7
Assessing	11	12	11	11	11	10	10	10	10	9
Human resources	6	5	5	5	5	4	5	5	5	4
Treasury	5	5	5	4	3	3	3	3	3	3
Planning and zoning	8	6	7	8	8	7	8	7	6	5
Parks and recreation	17	22	21	19	19	17	17	15	15	14
Management information systems	6	7	7	7	7	8	8	8	8	8
Cemetery	1	2	2	2	2	2	2	2	2	2
Public safety:										
Police services (contracted officers)	56	58	58	58	58	59	59	60	59	60
Police Admin	2	2	2	2	2	2	2	2	2	2
Fire, EMS, and dispatch	34	40	40	41	43	46	46	45	43	39
Building	21	17	18	17	20	18	18	14	13	12
Ordinance enforcement	4	7	7	7	7	7	7	6	6	5
Public works:										
Department of public service	65	74	72	69	68	64	68	67	66	60
Forestry	5	5	5	5	5	5	5	4	4	4
Fleet	6	8	8	8	7	7	7	7	7	6
Facilities	9	8	8	8	7	7	7	6	6	5
Total	<u>287</u>	<u>306</u>	<u>305</u>	<u>301</u>	<u>300</u>	<u>294</u>	<u>302</u>	<u>290</u>	<u>285</u>	<u>264</u>

# City of Rochester Hills, Michigan

Function/Program	2001	2002	2003	2004
<b>Election:</b>				
Number of elections	1	2	2	2
Registered voters	47,941	47,148	46,817	47,932
New registrations	(1)	4,847	(1)	7,039
<b>Building:</b>				
Permits issued	3,691	4,124	4,880	5,456
Inspections	8,970	9,164	14,152	13,646
<b>Parks and recreation:</b>				
Park attendance (estimate)	574,724	670,088	817,624	796,260
Museum attendance (estimate)	16,746	21,817	20,655	21,621
Education center attendance (estimate)	5,741	5,217	4,350	5,284
Forestry - Tree inventory	19,387	19,453	19,325	19,906
<b>Major roads:</b>				
Winter material applied - Salt (in tons)	1,422	1,961	2,537	2,376
Other material applied to major roads (in tons)	1,178	644	198	109
Linear feet of ditches cleaned - Major roads	(1)	3,345	1,014	1,214
<b>Local roads:</b>				
Pothole repair - Solvex applied (in tons)	154	58	72	142
Other material applied to local roads (in tons)	8,237	4,422	4,860	2,430
Winter material applied (in tons)	1,536	1,780	2,081	1,892
<b>Fire:</b>				
Fire inspections/reviews/investigations	919	819	651	1,305
Emergency calls received	11,981	11,832	11,917	11,215
Nonemergency calls received - Direct line	22,063	21,280	26,172	25,708
Number of fires	202	189	162	148
Number of rescues	2,255	2,294	2,618	2,752
Number of community education programs	205	448	444	415
Number of participants in education programs	3,411	8,193	1,105	12,399
Police (contracted services) - Dispatched calls for service	31,153	27,443	29,176	28,377
<b>Patrol investigators:</b>				
Criminal activity - New cases	641	557	492	579
Criminal activity - Recovered property	\$ 48,451	\$ 13,339	\$ 34,850	\$ 81,026
<b>Uniformed patrol:</b>				
Criminal activity - New cases	1,015	835	1,005	1,050
Criminal activity - Recovered property (\$)	\$ 281,544	\$ 163,044	\$ 230,860	\$ 162,096
<b>Crime statistics:</b>				
Part A crimes	2,832	2,276	2,308	2,434
Part B crimes	1,253	1,458	1,326	1,383
Part C crimes (Miscellaneous)	25,281	22,017	24,602	23,572
<b>Water and sewer:</b>				
Water and sewer utility billings (2)	263,993	260,647	240,070	132,444
Water sales (million cubic feet)	436	437	418	429
Meter reads	189,630	181,837	180,451	173,362
Meter installations	2,219	3,393	3,544	2,717
Water purchased (million cubic feet)	423	424	424	405

Source: City of Rochester Hills

(1) Information not available

(2) Effective January 1, 2004, billings cycle changed from monthly to bimonthly

(3) Effective July 2010, Dispatch services are now provided by Oakland County

# City of Rochester Hills, Michigan

## Operating Information Operating Indicators by Function

2005	2006	2007	2008	2009	2010	
3	3	2	3	2	2	
47,289	46,929	48,304	50,292	50,292	50,975	
4,237	4,886	4,607	6,409	4,413	5,055	
4,674	3,894	3,465	3,044	2,827	3,532	
12,163	10,784	9,078	7,878	7,287	8,660	
902,626	895,671	832,950	863,359	971,505	1,098,388	
22,153	17,163	19,354	18,060	26,089	30,480	
4,431	4,560	3,412	3,335	2,487	3,235	
19,362	19,283	19,434	19,182	19,003	19,051	
2,770	1,118	2,572	3,165	1,817	1,903	
112	88	85	175	172	66	
-	888	-	335	800	320	
113	60	85	57	61	54	
2,192	3,417	1,726	1,984	1,742	2,309	
1,683	648	1,373	1,935	1,115	1,678	
1,281	1,792	1,671	1,527	1,802	1,327	
11,052	10,634	10,319	10,471	6,500	3,263	(3)
23,811	21,556	17,402	21,277	17,500	8,407	(3)
134	136	96	73	70	100	
2,819	3,014	3,452	3,321	3,300	3,690	
353	426	485	736	630	668	
8,624	12,324	9,512	20,773	14,110	24,956	
28,535	30,041	29,706	30,650	27,352	31,135	
683	775	680	900	720	695	
\$ 51,709	\$ 20,413	\$ 89,214	\$ 62,529	\$ 7,563	\$ 7,148	
1,008	949	859	795	732	812	
\$ 90,293	\$ 51,709	\$ 153,333	\$ 24,621	\$ 23,004	\$ 17,199	
2,926	3,169	2,554	2,467	2,137	2,154	
1,253	1,192	1,259	1,683	155	1,344	
23,843	23,843	23,754	24,404	21,826	25,063	
136,749	138,081	138,787	138,928	139,928	140,340	
428	434	428	365	338	360	
175,490	176,378	194,874	196,272	197,049	198,528	
1,772	1,660	2,074	1,382	1,122	1,325	
464	434	470	406	385	395	

# City of Rochester Hills, Michigan

Function/Program	2001	2002	2003	2004
General government:				
Buildings - City Hall	1	1	1	1
Cemetery	1	1	1	1
Acreage	17	17	17	17
Public safety:				
Police station	1	1	1	1
Fire:				
Stations	5	5	5	5
Fire response vehicles	4	4	8	8
Emergency response vehicles	7	7	7	7
Public works:				
Buildings	1	1	1	1
Streets (miles):				
Miles of major roads (actual)	35.93	36.66	36.66	36.66
Miles of local roads (actual)	201.70	204.11	204.11	206.50
Water:				
Mains (miles)	408.72	417.70	425.34	429.88
Gate valves	4,332	4,366	4,417	4,435
Hydrants	4,586	4,617	4,668	4,699
Sewer:				
Miles of sanitary sewers	303.78	306.87	312.10	317.29
Miles of storm sewers	50.78	52.75	53.43	53.67
Manholes - Sanitary	7,247	7,356	7,462	7,630
Manholes - Storm	781	804	811	814
Inlets and catch basins	4,231	4,427	4,475	4,532
Parks and recreation:				
Major/Community parks:				
Buildings	14	14	15	16
Acreage	580.7	580.7	580.7	580.7
Developed parks/playgrounds	5	5	5	5
Developed fields (soccer, baseball, etc.)	17	17	17	17
Neighborhood parks:				
Acreage	23.6	23.6	23.6	23.6
Developed parks/playgrounds	2	2	2	2
Developed fields (soccer, baseball, etc.)	3	3	3	3
Special use parks:				
Buildings	9	9	9	10
Acreage	308.64	308.64	308.64	308.64
Museums	1	1	1	1
Education centers	1	1	1	1
Golf courses	1	1	1	1
Veteran's Memorial Pointe	1	1	1	1
Total park acreage	912.94	912.94	912.94	912.94
Number of parks	11	11	11	11

Source: Various Departments



## City of Rochester Hills, Michigan

### Operating Information Capital Asset Statistics

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
1	1	1	1	1	1
17	17	23.9	47.72	55.14	55.14
1	1	1	1	1	1
5	5	5	5	5	5
10	10	10	11	23	23
8	8	8	8	12	10
1	1	2	2	2	2
37.62	37.56	37.65	38.21	38.21	38.21
211.52	215.55	216.11	217.74	218.97	218.97
434.32	439.24	428.27	428.27	428.81	429.29
4,506	4,615	4,369	4,401	4,495	4,583
4,772	4,821	4,829	4,843	4,857	4,893
321.47	322.50	323.92	319.84	322.01	321.70
54.00	54.80	53.07	55.33	54.51	50.22
7,726	7,754	7,857	7,861	7,897	7,888
822	822	843	891	866	714
4,572	4,599	4,662	4,835	4,952	5,114
16	16	16	16	16	16
590.7	590.7	590.7	590.7	590.7	590.7
5	5	5	5	5	5
17	17	17	17	17	17
23.6	23.6	23.6	23.6	23.6	23.6
2	2	2	2	2	2
3	3	3	3	3	3
10	10	10	10	10	10
308.64	308.64	308.64	308.64	308.64	308.64
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
922.94	922.94	922.94	922.94	922.94	922.94
11	11	11	11	11	11

# City of Rochester Hills, Michigan

## Operating Information

### State-shared revenue and Gas and Weight Tax

<b>State-shared revenue</b>			
Modified			
Fiscal Year Ended	Accrual Basis	Accrual Basis	
<u>December 31</u>	<u>of Accounting</u>	<u>of Accounting</u>	
2001	\$ 6,541,567	N/A	
2002	6,259,299	6,190,712	
2003	5,863,048	5,712,210	
2004	5,420,684	5,443,641	
2005	5,474,685	5,395,634	
2006	5,375,537	5,341,983	
2007	5,298,510	5,362,252	
2008	5,292,542	5,270,042	
2009	4,661,073	4,543,462	
2010	4,420,538	4,449,876	

<b>Gas and weight tax</b>			
Fiscal Year Ended	Type of Street		Total Gas and
<u>December 31</u>	<u>Major Roads</u>	<u>Local Roads</u>	<u>Weight Tax</u>
			<u>(Act 51) Receipts</u>
2001	\$ 2,848,175	\$ 1,087,766	\$ 3,935,941
2002	2,975,980	1,116,276	4,092,256
2003	3,007,318	1,168,414	4,175,732
2004	3,254,785	1,228,947	4,483,732
2005	3,114,289	1,183,035	4,297,324
2006	3,100,240	1,185,402	4,285,642
2007	3,082,171	1,183,456	4,265,627
2008	2,973,260	1,143,744	4,117,004
2009	2,891,351	1,114,510	4,005,861
2010	2,451,532	945,301	3,396,833

Source: City Accounting Division

## City of Rochester Hills, Michigan

### Operating Information Labor Agreements / December 31, 2010

Name	Contract Expiration Date	Full-Time Employees Covered
<b>Union Employees</b>		
Office/Technical/Public Works Employees AFSCME, Local 2491, Council 25	12/31/2012	112
Public Works/Parks-Supervisory AFSCME, Local 1917.28, Council 25	12/19/2010	9
Firefighters International Association of Firefighters, Local 3472	12/31/2010	31
<b>Nonunion Employees</b>		
Mayor	N/A	1
Department Directors	N/A	9
Technical/Professional/Management	N/A	42

Source: City Accounting Division



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