

City of Rochester Hills, Michigan

Annual Comprehensive Financial Report

For year ending December 31, 2023





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CITY OF ROCHESTER HILLS, MICHIGAN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023

Prepared by Accounting and Fiscal Divisions



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CITY OF ROCHESTER HILLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2023

ELECTED OFFICIALS

Mayor	Bryan K. Barnett
City Council President	Ryan J. Deel
City Council Vice-President	David Walker
City Council Members	David J. Blair
	Jason Carlock
	Carol Morlan
	Theresa Mungiola
	Marvie Neubauer



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CITY OF ROCHESTER HILLS, MICHIGAN

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INTRODUCTORY SECTION



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Bryan K. Barnett
Mayor

April 26, 2024

City Council

Carol Morlan
District 1

David J. Blair
District 2

Jason Carlock
District 3

Ryan J. Deel
District 4

Theresa Mungoli
At-Large

Marvie Neubauer
At-Large

David Walker
At-Large

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

We are pleased to submit the Annual Comprehensive Financial Report for the City of Rochester Hills (the “City”) for the year ended December 31, 2023. As required by City Charter and State Laws, the basic financial statements as defined in the table of contents were audited by Rehmann Robson LLC’s certified public accountants. Their unmodified opinion follows this letter of transmittal. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor’s examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

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

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

The accuracy of the report depends on a reliable accounting system and adequate internal controls. A comprehensive internal control framework is designed to protect both the City’s assets from losses, theft, or misuse, and to compile sufficient reliable information for the preparations of the financial statements of the City of Rochester Hills in conformity with GAAP. Since the cost of internal controls should be effective, the City’s comprehensive internal control framework has been efficiently designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

Profile of the Government

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

The population of the City is approximately 76,300 and comprises an area of 32.2 square miles. The City employs approximately 250 full-time employees, 63 contracted law enforcement officers and two contracted police administration clerks. The City provides a full range of municipal services for the public's health, safety, welfare, and quality of life. City services include general administration, fire protection, contracted police protection, planning and zoning, engineering, building and code enforcement, cemetery operations and maintenance, park operations and maintenance, street construction and maintenance, storm drain improvements, and pedestrian pathway improvements and maintenance.

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

The City offers quality housing, two award-winning school districts, a hospital, major universities, a premium library, and a downtown offering a hometown atmosphere with excellent shopping and restaurants. The City has over 1,000 acres of parkland affording the community with endless recreation opportunities. The Older Person's Commission and the Rochester Avon Recreation Authority offer world-class senior citizen, youth and adult activities for our residents. The City has a diverse business community and is situated in Automation Alley, the State's premier technology cluster. The City's business cluster includes a concentration of automotive, robotic, computer-based, future fuel, and other research firms focused on advanced technologies.

Local Economy

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

The local tax base of the City of Rochester Hills is diversified with residential property comprising 82%, commercial property comprising 10%, industrial property representing 4%, and personal property (business equipment, furniture, and machinery) consisting of 4%. No one taxpayer exceeds 1 percent of the total tax roll, and the total of the top 10 taxpayers account for less than 5 percent of the total tax roll. The following table illustrates the specific diversity of the City's tax base:

Single-family homes	21,200 homes
Condominiums	3,462 units
Low-income/senior citizen (16 buildings)	1,913 units
Rental apartments (19 complexes)	4,858 units
Mobile home parks (2 locations)	1,392 sites
Shopping centers	47 centers
Hotel/motels (5 buildings)	553 rooms
Office space	108 buildings
Commercial	370 buildings
Light industrial	390 buildings

The principal source of the City’s revenue is from property taxes. Property tax revenues are a result of applying the City’s millage rate, set by City Council (within the restrictions of State Law), to the taxable value of real and personal property located within the City. The tables below illustrate the diversity of the City’s current tax base, including the LDFA district, which were the basis for property tax revenue for the fiscal year 2023 budget:

	2022	
	Taxable Value	Percent
By Class:		
Real property	\$ 3,957,782,880	95.97%
Personal property	166,178,760	4.03%
Total	<u>\$ 4,123,961,640</u>	<u>100.00%</u>
By Use:		
Residential	\$ 3,266,480,780	79.20%
Commercial	544,198,700	13.20%
Industrial	147,103,400	3.57%
Personal property	166,178,760	4.03%
Total	<u>\$ 4,123,961,640</u>	<u>100.00%</u>

Long-range Financial Planning

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

Major Initiatives

The following were among the initiatives that City Administration, City Council and staff dedicated their efforts in 2023.

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

Capital Improvement Plan

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

The 2024-2029 Capital Improvement Plan was adopted by the City of Rochester Hills Planning Commission. Currently, the Commission is reviewing the 2025-2030 Plan as part of the 2025-2027 budget process.

Financial Policies

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rochester Hills for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the 35th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Acknowledgements

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

We also express our sincere appreciation to the accounting firm of Rehmann Robson LLC which made a substantial contribution and assisted with the interpretation, guidance, review, and preparation of this document.

Respectfully submitted,



Michael McLaughlin
Accounting Manager



Joseph Snyder
Chief Financial Officer



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rochester Hills
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

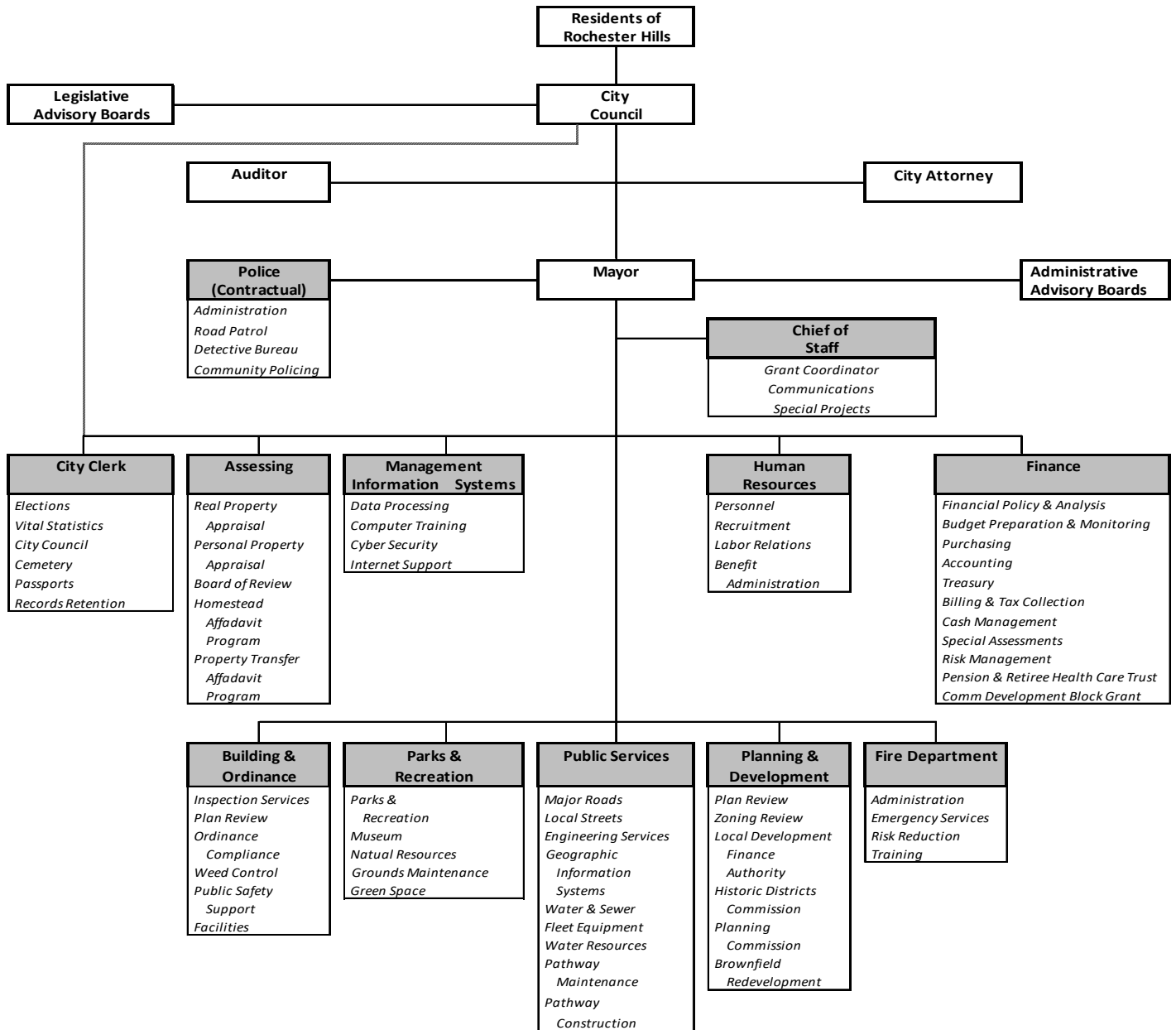
Christopher P. Morrill

Executive Director/CEO

CITY OF ROCHESTER HILLS, MICHIGAN

Organization Chart

As of December 31, 2023



CITY OF ROCHESTER HILLS, MICHIGAN

List of Principal Officials

As of December 31, 2023

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



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FINANCIAL SECTION



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April 26, 2024

Honorable Mayor and City Council
City of Rochester Hills, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Rochester Hills, Michigan** (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

	Percent of Assets and Deferred Outflows of Resources	Percent of Revenues	Percent of Net Position
Older Persons' Commission	65.4%	63.8%	71.4%

Basis for Opinions

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



Restatement of Beginning Fund Balance and Net Position

As discussed in Note 20 to the financial statements, beginning fund balance of the general fund and net position of governmental activities were restated to correct an error related to recognition of permit revenue. Our opinion is not modified with respect to this manner.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated April 26, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

As management of the City of Rochester Hills, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

· Total net position	\$ 546,908,036
· Change in total net position	24,609,911
· Fund balances, governmental funds	99,199,638
· Change in fund balances, governmental funds	11,185,323
· Unassigned fund balance, general fund	24,480,336
· Change in fund balance, general fund	2,461,408
· Installment debt outstanding	10,773,357
· Change in installment debt	(1,118,093)

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include, not only the City itself (known as the primary government), but also six legally separate entities in its financial statements: the Local Development Finance Authority, the Brownfield Redevelopment Authority - Legacy, the Brownfield Redevelopment Authority - Revolving, the Rochester Hills Museum Foundation, the Rochester-Avon Recreation Authority, and the Older Persons' Commission for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City of Rochester Hills Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore its activities have been included as an integral part of the primary government of the City.

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

CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and five other major funds: major streets, local streets, fire, special police protection, and fire capital. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

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

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two individual enterprise funds. The City's water and sewer fund is shown as a major enterprise fund and the solid waste management fund is shown as a nonmajor enterprise fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for facilities, management information systems, fleet equipment, and insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and the solid waste management fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

Statement of net position - The City's combined net position increased 4.7 percent, or \$24.6 million, from \$522.3 million in 2022 (as restated) to \$546.9 million in 2023.

The net position for the governmental activities increased from \$347.7 million in 2022 (as restated) to \$368.6 million in 2023, or \$20.8 million. The primary change in the governmental activities is due to investment income of \$7.6 million and net investment in capital assets of \$6.8 million.

The net position of the business-type activities increased from \$174.6 million in 2022 to \$178.3 million in 2023, or \$3.8 million. The primary change in the business-type activities is due to investment income of \$1.9 million.

The City's assets totaled \$614.7 million in 2023, up by \$19.9 million from 2022. This relates primarily to an increase in current and other assets of \$10.6 million from 2022. This can be attributed to the City earning \$9.4 million in investment income in 2023.

The City's total liabilities decreased by approximately \$9.8 million, or 29.1 percent, from \$33.7 million in 2022 to \$23.9 million in 2023. This relates primarily to \$6.1 million in "ARPA" revenue that was released from unearned revenue in 2023.

The City's deferred inflow of resources increased by \$2.9 million from \$41.1 million in 2022 to \$44.0 million in 2023, or 7.0 percent. This is primarily due to an increase in property taxes for subsequent years of \$2.4 million.

In condensed format, the table below shows the comparison of net position as of December 31, 2023 to the prior year:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 176,547,666	\$ 165,961,605	\$ 55,190,936	\$ 55,159,411	\$ 231,738,602	\$ 221,121,016
Capital assets, net	246,575,018	239,377,636	136,389,379	134,259,796	382,964,397	373,637,432
Total assets	423,122,684	405,339,241	191,580,315	189,419,207	614,702,999	594,758,448
Deferred outflows of resources	78,682	219,760	46,210	69,771	124,892	289,531
Long-term liabilities	3,210,428	2,769,739	10,685,151	11,607,431	13,895,579	14,377,170
Other liabilities	7,396,417	16,003,385	2,621,472	3,326,072	10,017,889	19,329,457
Total liabilities	10,606,845	18,773,124	13,306,623	14,933,503	23,913,468	33,706,627
Deferred inflows of resources	44,006,387	41,110,478	-	-	44,006,387	41,110,478
Net position:						
Net investment in capital assets	245,084,374	238,219,453	125,885,431	124,082,017	370,969,805	362,301,470
Restricted	39,743,810	34,625,718	3,050,238	2,629,264	42,794,048	37,254,982
Unrestricted	83,759,950	72,830,228	49,384,233	47,844,194	133,144,183	120,674,422
Total net position	\$ 368,588,134	\$ 345,675,399	\$ 178,319,902	\$ 174,555,475	\$ 546,908,036	\$ 520,230,874

CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

Changes in Net Position - The City's total net position increased by \$24.6 million during the fiscal year ended December 31, 2023. The table below shows the comparison of changes in net position to the prior year:

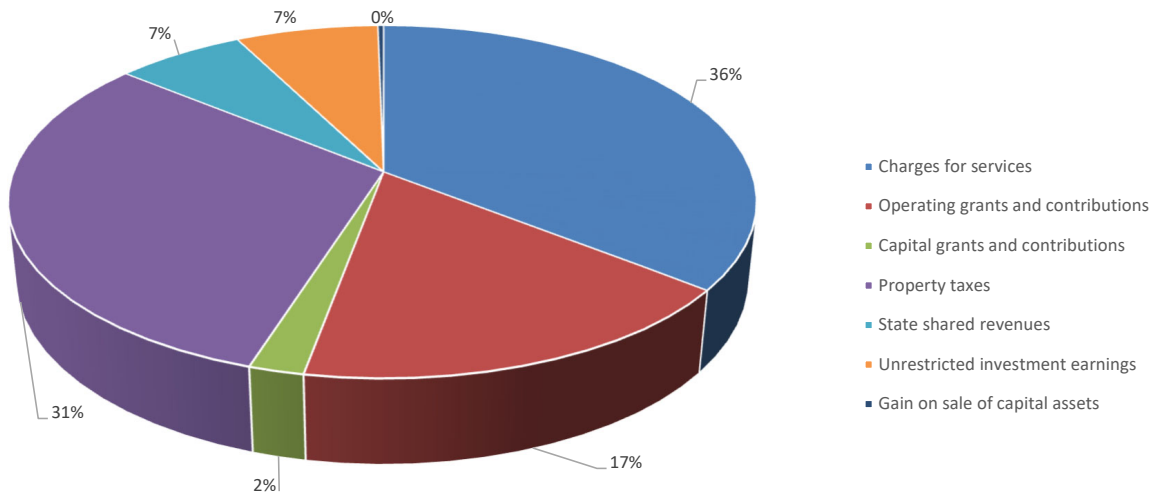
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 10,169,083	\$ 11,610,427	\$ 36,355,325	\$ 36,989,046	\$ 46,524,408	\$ 48,599,473
Operating grants	21,406,167	10,579,516	1,104,060	-	22,510,227	10,579,516
Capital grants	1,897,442	2,721,280	762,276	1,712,496	2,659,718	4,433,776
General revenues:						
Property taxes	40,522,735	38,616,603	-	-	40,522,735	38,616,603
State shared revenues	8,517,300	9,267,828	-	-	8,517,300	9,267,828
Unrestricted investment income	7,551,864	1,070,959	1,879,106	141,222	9,430,970	1,212,181
Other	380,681	929,374	-	457,780	380,681	1,387,154
Total revenues	90,445,272	74,795,987	40,100,767	39,300,544	130,546,039	114,096,531
Expenses:						
General government	10,549,495	9,316,273	-	-	10,549,495	9,316,273
Public safety	28,978,480	27,999,859	-	-	28,978,480	27,999,859
Public works	19,732,689	17,926,019	-	-	19,732,689	17,926,019
Community and economic development	1,361,926	1,298,859	-	-	1,361,926	1,298,859
Recreation and culture	8,797,800	7,879,531	-	-	8,797,800	7,879,531
Interest on long-term debt	10,898	15,048	-	-	10,898	15,048
Water and sewer	-	-	36,054,562	35,662,468	36,054,562	35,662,468
Solid waste management	-	-	450,278	411,126	450,278	411,126
Total expenses	69,431,288	64,435,589	36,504,840	36,073,594	105,936,128	100,509,183
Change in net position, before transfers	21,013,984	10,360,398	3,595,927	3,226,950	24,609,911	13,587,348
Transfers	(168,500)	-	168,500	-	-	-
Change in net position	20,845,484	10,360,398	3,764,427	3,226,950	24,609,911	13,587,348
Net position - beginning	345,675,399	335,315,001	174,555,475	171,328,525	520,230,874	506,643,526
Restatement	2,067,251	-	-	-	2,067,251	-
Net position - ending	\$ 368,588,134	\$ 345,675,399	\$ 178,319,902	\$ 174,555,475	\$ 546,908,036	\$ 520,230,874

CITY OF ROCHESTER HILLS, MICHIGAN

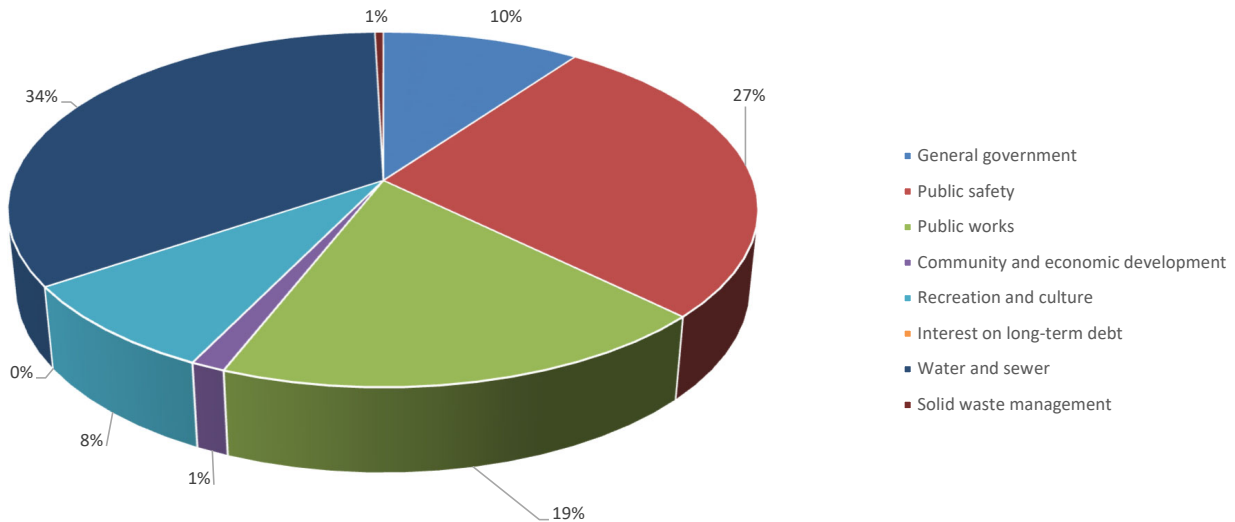
Management's Discussion and Analysis

The City's revenue for governmental activities exceeded annual expenses and transfers out by \$20.8 million. This can be primarily attributed to \$7.5 million in investment income and \$6.1 million of ARPA revenue being recorded in 2023. This resulted in an increase in net position as of December 31, 2023 to \$368.6 million. Annual revenue and transfers in for business-type activities exceeded expenses by \$3.8 million. This can be primarily attributed to \$1.9 million in investment income. This resulted in an increase in net position to \$178.3 million. The following graphs illustrate the primary sources of revenue and expenses for the total primary government of the City for the year ended December 31, 2023:

Revenues



Expenses



CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

Governmental Activities - Of the City's total revenue generated for fiscal year 2023, property tax revenue comprises the largest segment, \$40.5 million, or 44.8 percent of the total governmental activities revenues. Property tax revenue increased from the prior year by \$1.9 million. Property taxable values increased while bottom line millage rates stayed the same. State-shared revenue also is a primary source of revenue of which the City received \$8.5 million. Of the grants and contributions revenue of \$23.3 million, \$10.1 million is associated with the State of Michigan Act 51 revenues for the major streets and local streets. Much of the remaining governmental revenue is associated with fire, police, emergency services, building, and other charges for service of \$10.2 million and investment income of \$7.6 million.

The majority of governmental activities expense is associated with the public safety activity, which was \$29.0 million, or 41.7 percent of the total governmental activities expenses. Public safety includes building, ordinance enforcement, fire, and contracted police services. Public works expenses were \$19.7 million. Public works activity includes roads, drains, forestry, cemetery, and pedestrian pathway improvements. Recreation and cultural expenses totaled \$8.8 million, which related to parks, natural resources, environmental, and museum operations, as well as youth and senior citizen programs. General government expenses total \$10.5 million.

Business-type Activities - The City's business-type activities are comprised of water and sewer activity and solid waste management activity. The City provides water and sanitary sewer disposal purchased indirectly from the Great Lakes Water Authority to residents. Of the City's charges for service revenue, the majority is generated from charges passed on to residents, which is \$36.4 million. Charges for service are offset by water, sewer, and solid waste operational expenses of \$36.5 million. The increase in net position is \$3.8 million can be mostly attributed to grants and contributions of \$1.9 million.

Financial Analysis of the City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The fund level financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for State of Michigan's Act 51 major street and local street money, the City creates funds to administer dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by citizens, earmarked bond proceeds, debt activity, and capital equipment, construction, and improvement activity. The City's major funds for fiscal year 2023 include the general fund, major streets fund, local streets fund, fire fund, special police protection fund, and fire capital fund.

The general fund's fund balance increased from \$23.3 million (as restated) in 2022 to \$25.8 million in 2023, or 10.6 percent. This was mainly due to an increase in investment income of \$1.2 million, and an increase in property tax revenues of \$1.1 million. The overall expenditures increased approximately \$1.3 million due to changes in personnel activities and cost of goods and services.

The major streets fund's fund balance increased from \$7.6 million in 2022 to \$11.5 million in 2023. The total revenues were \$10.0 million. The major revenue resources were Act 51 funds of \$7.3 million. Revenues were greater than the total expenditures by \$5.2 million. The capital outlay expenditures in 2023 totaled \$2.9 million included road construction, road realignment, asphalt rehabilitation, and other major road improvements. Another \$1.9 million was spent on major road preservation, traffic control, and winter maintenance.

The local streets fund's fund balance increased by approximately \$0.5 million from \$5.7 million in 2022 to \$6.2 million in 2023. The total revenue, including other financing sources, was \$9.9 million. The major revenue resources were property taxes of \$4.4 million, Act 51 funds of \$2.8 million, and transfers in of \$1.8 million. Total expenditures were \$9.4 million. The capital outlay expenditures for the local streets fund was \$5.1 million included local street concrete and asphalt replacement, as well as other local street improvements. Another \$4.3 million was used for street preservation, traffic control, and winter maintenance.

The fire fund's fund balance increased by approximately \$0.7 million from \$3.5 million in 2022 to \$4.2 million in 2023. The total revenues were \$14.8 million and the total expenditures for fire operations and transfer out for fire capital purchases were \$14.1 million. The major revenue resources were property taxes of \$11.0 million and charges for services of \$3.2 million. Total cost of fire operations and emergency medical services were \$12.2 million and a transfer out of \$1.8 million went to the fire capital fund. The transfer out will be used for future capital fire equipment and apparatus.

CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

The special police protection fund's fund balance increased by approximately \$0.3 million. Total revenue was \$11.0 million with the majority of revenue coming from property taxes of \$9.2 million, with the balance of revenue of \$1.8 million from grants, contributions, charges for service, fines and forfeitures, investment income, and refunds and other revenues. The cost of police operations totaled \$10.7 million.

The fire capital fund's fund balance increased by approximately \$2.3 million from \$14.9 million in 2022 to \$17.1 million in 2023. This was mainly due to a transfer from the fire fund of \$1.8 million.

General Fund Budgetary Highlights

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

The 2023 original budget for general fund revenue projection was \$29.7 million compared to the actual revenues of \$32.2 million. The primary reason for the additional revenue of approximately \$2.5 million is due to investment income of \$1.5 million greater than the original budget.

The 2023 original budget for general fund expenditure projections was \$23.3 million compared to actual expenditures of \$21.0 million. The primary reason for the decreased expenditures of \$2.3 million is due to wages and fringes coming in well under the original budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The City has \$383.0 million invested in a broad range of capital assets including land, right of way, construction in progress, roads, drain flowage rights, water and distributions systems, land improvements, buildings and improvements, vehicles, office furniture, subscription assets, and other tools and equipment for its governmental and business-type activities as of December 31, 2023. This reflects an increase in net capital assets of \$9.3 million during the year. For detailed information on Capital Assets, refer to Note 9.

	Capital Assets (net)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 27,379,644	\$ 24,011,128	\$ 116,908	\$ 116,908	\$ 27,496,552	\$ 24,128,036
Right of way	50,029,900	50,029,900	-	-	50,029,900	50,029,900
Construction in progress	-	-	5,952,061	4,114,386	5,952,061	4,114,386
Roads	100,744,209	101,492,046	-	-	100,744,209	101,492,046
Drain flowage rights	8,122,011	8,800,077	-	-	8,122,011	8,800,077
Water and distribution systems	-	-	116,264,808	115,888,828	116,264,808	115,888,828
Land improvements	22,844,381	18,799,504	210,773	221,134	23,055,154	19,020,638
Buildings and improvements	24,441,510	24,475,249	13,535,816	13,608,002	37,977,326	38,083,251
Vehicles	8,386,373	7,928,544	-	-	8,386,373	7,928,544
Office furniture	377,406	344,574	1,160	16,818	378,566	361,392
Subscription assets	764,811	-	-	-	764,811	-
Other tools and equipment	3,484,773	3,496,614	307,853	293,720	3,792,626	3,790,334
Total	\$ 246,575,018	\$ 239,377,636	\$ 136,389,379	\$ 134,259,796	\$ 382,964,397	\$ 373,637,432

CITY OF ROCHESTER HILLS, MICHIGAN

Management's Discussion and Analysis

Long-term Debt

The City of Rochester Hills debt rating is excellent. Standard & Poor's issued a rating of AAA, Moody's issued a rating of Aaa, and Fitch Ratings affirmed a rating of AAA for the City. The City's total bond indebtedness at December 31, 2023 is \$10.8 million. For detail information on outstanding debt, refer to Note 10.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Contractual obligations	\$ 445,000	\$ 655,000	\$ 10,328,357	\$ 11,236,450	\$ 10,773,357	\$ 11,891,450
Unamortized premium	280	420	-	-	280	420
Compensated absences	1,992,005	2,027,630	356,794	343,627	2,348,799	2,371,257
Total	<u>\$ 2,437,285</u>	<u>\$ 2,683,050</u>	<u>\$ 10,685,151</u>	<u>\$ 11,580,077</u>	<u>\$ 13,122,436</u>	<u>\$ 14,263,127</u>

Economic Factors and Next Year's Budgets and Rates

The City's taxable value is expected to increase by 7.1 percent for fiscal year 2024 due to improvements in the City's existing housing market, redevelopment, and new development. The City's total millage rate is set at 10.5510 mills for fiscal year 2024, which continues to be one of the lowest millage rates in Oakland County. Taxes are anticipated to account for 50 percent of governmental fund revenue and 40 percent of general fund revenue in the fiscal year 2024 budget.

The major streets fund is planned to decrease by \$5.0 million due to providing funding for the following projects: Avon Industrial Drive, Barclay & Marketplace Circle Rehabs, Walton Blvd. Rehab, and Brewster Rd. Rehab. The local streets fund anticipates utilizing \$1.4 million of fund balance to maintain the local streets fund balance level at 25% of annual operating expenses. The fire capital fund anticipates utilizing \$3.9 million to replace equipment and a number of building projects at Fire Station #1. Finally, the capital improvement fund is planned to decrease by \$6.4 million to fund: Multiple park projects (including parking lots), DPS Garage projects, and OCSO Interior Renovations.

Designed to be conservative, sustainable, and resilient, the fiscal year 2024 budget continues to keep operating expenditures in line with operating revenue streams by assessing service delivery systems and reducing costs where possible. The City is able to confidently plan for capital improvements by utilizing funds maintained in reserve with no current plans to issue debt.

Requests for Information

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



innovative *by* nature

BASIC FINANCIAL STATEMENTS



innovative *by* nature

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Net Position

December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 69,184,838	\$ 17,353,832	\$ 86,538,670	\$ 8,806,818
Investments	78,319,760	24,482,669	102,802,429	5,817,737
Receivables, net	28,326,551	7,689,676	36,016,227	1,094,630
Interfunds	(252,642)	252,642	-	-
Prepaid items and other assets	884,771	2,361,879	3,246,650	240,791
Restricted assets, cash	-	3,000,676	3,000,676	-
Net OPEB asset	84,388	49,562	133,950	-
Capital assets not being depreciated	77,409,544	6,068,969	83,478,513	3,370,244
Capital assets being depreciated/amortized, net	169,165,474	130,320,410	299,485,884	12,461,304
Total assets	423,122,684	191,580,315	614,702,999	31,791,524
Deferred outflows of resources				
Deferred other postemployment benefit amounts	78,682	46,210	124,892	-
Liabilities				
Accounts payable and accrued liabilities	7,396,417	2,621,472	10,017,889	1,430,782
Unearned revenue	-	-	-	1,117,072
Bonds, notes, and other long-term liabilities:				
Due within one year	2,428,126	1,286,485	3,714,611	61,952
Due in more than one year	782,302	9,398,666	10,180,968	14,533
Total liabilities	10,606,845	13,306,623	23,913,468	2,624,339
Deferred inflows of resources				
Taxes levied for a subsequent period	42,588,969	-	42,588,969	1,335,464
Deferred lease amounts	1,417,418	-	1,417,418	602,135
Total deferred inflows of resources	44,006,387	-	44,006,387	1,937,599
Net position				
Net investment in capital assets	245,084,374	125,885,431	370,969,805	15,831,548
Restricted for:				
Streets and highways	17,991,371	-	17,991,371	-
Dedicated millages	8,693,126	-	8,693,126	-
Grants	91,534	-	91,534	-
Debt service	174,467	-	174,467	-
Capital projects	2,307,868	3,000,676	5,308,544	-
Tree conservation and maintenance	1,492,859	-	1,492,859	-
Other postemployment benefits	84,388	49,562	133,950	-
Permanent fund:				
Expendable	1,761,253	-	1,761,253	7,698
Non-expendable	7,146,944	-	7,146,944	-
Unrestricted	83,759,950	49,384,233	133,144,183	11,390,340
Total net position	\$ 368,588,134	\$ 178,319,902	\$ 546,908,036	\$ 27,229,586

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 10,549,495	\$ 6,002,717	\$ 9,047,916	\$ 1,232,940	\$ 5,734,078
Public safety	28,978,480	3,299,798	1,294,261	5,700	(24,378,721)
Public works	19,732,689	687,134	11,007,441	658,802	(7,379,312)
Community and economic development	1,361,926	-	-	-	(1,361,926)
Recreation and culture	8,797,800	179,434	56,549	-	(8,561,817)
Interest on long-term debt	10,898	-	-	-	(10,898)
Total governmental activities	69,431,288	10,169,083	21,406,167	1,897,442	(35,958,596)
Business-type activities:					
Water and sewer	36,054,562	35,707,594	1,104,060	762,276	1,519,368
Solid waste management	450,278	647,731	-	-	197,453
Total business-type activities	36,504,840	36,355,325	1,104,060	762,276	1,716,821
Total primary government	\$ 105,936,128	\$ 46,524,408	\$ 22,510,227	\$ 2,659,718	\$ (34,241,775)
Component units					
Brownfield Redevelopment Authority	\$ 420,590	\$ -	\$ 12,918	\$ -	\$ (407,672)
Local Development Finance Authority	308,457	-	487,006	-	178,549
Rochester Hills Museum Foundation	20	-	-	-	(20)
Rochester-Avon Recreation Authority	2,432,260	1,524,797	40	-	(907,423)
Older Persons' Commission	5,763,750	1,774,655	2,682,949	-	(1,306,146)
Total component units	\$ 8,925,077	\$ 3,299,452	\$ 3,182,913	\$ -	\$ (2,442,712)

continued...

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (35,958,596)	\$ 1,716,821	\$ (34,241,775)	\$ (2,442,712)
General revenues:				
Property taxes	40,522,735	-	40,522,735	920,173
State shared revenues	8,517,300	-	8,517,300	-
Unrestricted investment income	7,551,864	1,879,106	9,430,970	456,419
Gain on sale of capital assets	380,681	-	380,681	-
Miscellaneous	-	-	-	88,697
Member contributions	-	-	-	3,498,230
Transfers	(168,500)	168,500	-	-
Total general revenues and transfers	56,804,080	2,047,606	58,851,686	4,963,519
Change in net position	20,845,484	3,764,427	24,609,911	2,520,807
Net position, beginning of year, as restated	347,742,650	174,555,475	522,298,125	24,708,779
Net position, end of year	<u>\$ 368,588,134</u>	<u>\$ 178,319,902</u>	<u>\$ 546,908,036</u>	<u>\$ 27,229,586</u>

concluded.

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

CITY OF ROCHESTER HILLS, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2023

	Special Revenue Funds				
	General	Major Streets	Local Streets	Fire	Special Police Protection
Assets					
Cash and cash equivalents	\$ 14,378,889	\$ 3,255,686	\$ 6,748,035	\$ 9,039,180	\$ 8,745,851
Investments	17,871,929	7,440,831	1,470,534	1,470,534	2,199,519
Receivables:					
Taxes	5,999,140	-	2,275,951	5,750,129	4,835,152
Accounts	371,201	267	23,661	32,340	221,404
Due from other governments	1,492,495	1,313,925	489,464	-	-
Interest	433,069	147,345	40,218	40,218	58,071
Leases	609,231	-	-	752,526	-
Special assessments	-	-	262,416	-	-
Due from other funds	-	-	-	-	-
Inventory	-	-	179,990	-	-
Prepaid items	304,184	3,108	8,300	66,544	-
Total assets	\$ 41,460,138	\$ 12,161,162	\$ 11,498,569	\$ 17,151,471	\$ 16,059,997
Liabilities					
Accounts payable	\$ 316,344	\$ 679,183	\$ 239,957	\$ 75,228	\$ 1,791,949
Accrued wages	487,921	15,606	49,775	265,577	-
Retainages payable	-	-	30,000	-	-
Deposits and escrow	1,875,521	-	3,000	1,633	-
Accrued and other liabilities	11,713	-	214	540	454
Due to other funds	-	-	-	-	-
Total liabilities	2,691,499	694,789	322,946	342,978	1,792,403
Deferred inflows of resources					
Taxes levied for a subsequent period	12,340,161	-	4,680,625	11,825,502	9,943,771
Unavailable revenue	34,727	-	272,059	31,140	194,539
Deferred lease amounts	609,231	-	-	752,526	-
Total deferred inflows of resources	12,984,119	-	4,952,684	12,609,168	10,138,310
Fund balances					
Nonspendable	304,184	3,108	188,290	66,544	-
Restricted	-	11,463,265	6,034,649	4,132,781	4,129,284
Committed	1,000,000	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	24,480,336	-	-	-	-
Total fund balances	25,784,520	11,466,373	6,222,939	4,199,325	4,129,284
Total liabilities, deferred inflows of resources, and fund balances	\$ 41,460,138	\$ 12,161,162	\$ 11,498,569	\$ 17,151,471	\$ 16,059,997

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

Capital Projects Fund		
Fire Capital	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,737,234	\$ 10,096,804	\$ 56,001,679
13,807,717	21,817,027	66,078,091
-	1,846,671	20,707,043
-	14,302	663,175
-	-	3,295,884
294,144	321,562	1,334,627
-	-	1,361,757
-	-	262,416
-	718,720	718,720
-	-	179,990
23,835	114,462	520,433
<u>\$ 17,862,930</u>	<u>\$ 34,929,548</u>	<u>\$ 151,123,815</u>
\$ 6,152	\$ 118,970	\$ 3,227,783
-	8,782	827,661
-	14,056	44,056
-	-	1,880,154
-	74	12,995
718,720	715,315	1,434,035
<u>724,872</u>	<u>857,197</u>	<u>7,426,684</u>
-	3,798,910	42,588,969
-	14,302	546,767
-	-	1,361,757
<u>-</u>	<u>3,813,212</u>	<u>44,497,493</u>
23,835	7,261,406	7,847,367
-	5,940,312	31,700,291
17,114,223	272,786	18,387,009
-	16,784,635	16,784,635
-	-	24,480,336
<u>17,138,058</u>	<u>30,259,139</u>	<u>99,199,638</u>
<u>\$ 17,862,930</u>	<u>\$ 34,929,548</u>	<u>\$ 151,123,815</u>



innovative *by* nature

CITY OF ROCHESTER HILLS, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2023

Fund balances for governmental funds \$ 99,199,638

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.

Capital assets not being depreciated	55,801,583
Capital assets being depreciated/amortized, net	116,934,647

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

Deferred long-term receivables	546,767
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.

	98,186,512
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Certain liabilities, such as bonds, notes, and other long-term liabilities, are not due and payable in the current period, and therefore are not reported in the funds.

Accrued interest on bonds	(2,434)
Bonds, notes, and other long-term liabilities	(445,000)
Unamortized bond premiums	(280)
Compensated absences	(1,796,369)

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

Net other postemployment benefit asset	84,388
Deferred outflows related to the net other postemployment benefit asset	78,682

Net position of governmental activities \$ 368,588,134

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2023

	Special Revenue Funds				
	General	Major Streets	Local Streets	Fire	Special Police Protection
Revenues					
Property taxes	\$ 11,953,468	\$ -	\$ 4,369,587	\$ 11,039,663	\$ 9,222,504
Licenses and permits	3,035,852	-	28,804	4,380	-
Federal grants	491,916	1,190,000	-	35,614	5,700
State grants	8,703,554	7,641,439	2,869,275	102,797	141,338
Contributions	-	629,998	-	-	599,811
Charges for services	6,002,562	94,704	136,726	3,154,972	144,826
Fines and forfeitures	6,423	-	-	7,636	362,988
Investment income	1,746,037	388,741	368,471	465,459	471,083
Special assessments	-	-	34,766	-	-
Refunds and other	305,671	46,688	355,883	6,300	31,966
Total revenues	32,245,483	9,991,570	8,163,512	14,816,821	10,980,216
Expenditures					
Current:					
General government	9,298,152	-	-	-	-
Public safety	3,773,748	-	-	12,231,952	10,672,616
Public works	1,455,190	1,935,824	4,330,255	-	-
Community and economic development	1,248,346	-	-	-	-
Recreation and culture	5,231,712	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	2,901,392	5,064,968	-	-
Total expenditures	21,007,148	4,837,216	9,395,223	12,231,952	10,672,616
Revenues over (under) expenditures	11,238,335	5,154,354	(1,231,711)	2,584,869	307,600
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	204	-	-
Transfers in	343,823	412,400	1,750,000	-	-
Transfers out	(9,120,750)	(1,750,000)	-	(1,847,990)	-
Total other financing sources (uses)	(8,776,927)	(1,337,600)	1,750,204	(1,847,990)	-
Net change in fund balances	2,461,408	3,816,754	518,493	736,879	307,600
Fund balances, beginning of year, as restated	23,323,112	7,649,619	5,704,446	3,462,446	3,821,684
Fund balances, end of year	\$ 25,784,520	\$ 11,466,373	\$ 6,222,939	\$ 4,199,325	\$ 4,129,284

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

Capital Projects Fund		
Fire Capital	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,937,513	\$ 40,522,735
-	-	3,069,036
600,000	-	2,323,230
-	95,074	19,553,477
-	-	1,229,809
-	635,293	10,169,083
-	-	377,047
685,385	2,353,639	6,478,815
-	-	34,766
1,431	27,728	775,667
<u>1,286,816</u>	<u>7,049,247</u>	<u>84,533,665</u>
-	-	9,298,152
97,150	-	26,775,466
-	1,273,075	8,994,344
-	-	1,248,346
-	2,750,591	7,982,303
-	210,000	210,000
-	12,087	12,087
610,138	698,611	9,275,109
<u>707,288</u>	<u>4,944,364</u>	<u>63,795,807</u>
<u>579,528</u>	<u>2,104,883</u>	<u>20,737,858</u>
19,181	-	19,385
1,847,990	9,233,120	13,587,333
<u>(195,080)</u>	<u>(10,245,433)</u>	<u>(23,159,253)</u>
<u>1,672,091</u>	<u>(1,012,313)</u>	<u>(9,552,535)</u>
2,251,619	1,092,570	11,185,323
<u>14,886,439</u>	<u>29,166,569</u>	<u>88,014,315</u>
<u>\$ 17,138,058</u>	<u>\$ 30,259,139</u>	<u>\$ 99,199,638</u>



innovative *by* nature

CITY OF ROCHESTER HILLS, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 11,185,323

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

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

Capital assets purchased/constructed	9,029,279
Depreciation/amortization expense	(10,636,333)
Proceeds from sale of capital assets	(380,681)
Gain on sale of capital assets	380,681

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

Net change in deferred long-term receivables	7,088
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Proceeds from bonds, notes, and other long-term liabilities provide current financial resources to governmental funds in the period issued, but issuing bonds, notes, and other long-term liabilities increase long-term liabilities in the statement of net position. Repayment of bonds, notes, and other long-term liabilities principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds, notes, and other long-term liabilities	210,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term liabilities	1,049
Amortization of bond premium	140
Change in net other postemployment benefit liability (asset) and related deferred amounts	29,999
Change in compensated absences	13,653

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

	<u>11,005,286</u>
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Change in net position of governmental activities \$ 20,845,484

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 11,748,000	\$ 11,633,040	\$ 11,953,468	\$ 320,428
Licenses and permits	2,764,000	3,028,290	3,035,852	7,562
Federal grants	161,000	96,000	491,916	395,916
State grants	8,353,900	8,686,250	8,703,554	17,304
Charges for services	6,397,300	5,939,340	6,002,562	63,222
Fines and forfeitures	1,000	5,480	6,423	943
Investment income	200,930	1,724,000	1,746,037	22,037
Refunds and other	94,500	245,540	305,671	60,131
Total revenues	29,720,630	31,357,940	32,245,483	887,543
Expenditures				
Current:				
General government:				
City Council	365,120	255,860	223,804	(32,056)
City administration	5,674,590	5,630,920	5,178,550	(452,370)
Clerk	2,126,710	2,107,090	1,777,985	(329,105)
Assessing	1,343,710	1,261,670	1,182,610	(79,060)
Human resources	1,143,560	1,144,050	935,203	(208,847)
	<u>10,653,690</u>	<u>10,399,590</u>	<u>9,298,152</u>	<u>(1,101,438)</u>
Public safety:				
Building	4,310,320	3,796,530	3,707,351	(89,179)
Crossing guard	69,850	68,960	66,397	(2,563)
	<u>4,380,170</u>	<u>3,865,490</u>	<u>3,773,748</u>	<u>(91,742)</u>
Public works:				
Natural resources	1,207,490	1,154,630	1,076,688	(77,942)
Cemetery	421,710	450,720	378,502	(72,218)
	<u>1,629,200</u>	<u>1,605,350</u>	<u>1,455,190</u>	<u>(150,160)</u>
Community and economic development:				
Planning	1,329,440	1,234,800	1,066,858	(167,942)
Community development block grant	211,000	236,000	181,488	(54,512)
	<u>1,540,440</u>	<u>1,470,800</u>	<u>1,248,346</u>	<u>(222,454)</u>
Recreation and culture:				
Parks and recreation	3,786,370	4,168,640	3,988,480	(180,160)
Historic district commission	1,333,090	1,316,110	1,243,232	(72,878)
	<u>5,119,460</u>	<u>5,484,750</u>	<u>5,231,712</u>	<u>(253,038)</u>
Total expenditures	23,322,960	22,825,980	21,007,148	(1,818,832)
Revenues over expenditures	<u>6,397,670</u>	<u>8,531,960</u>	<u>11,238,335</u>	<u>2,706,375</u>

continued...

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers in	\$ 225,000	\$ 748,480	\$ 343,823	\$ (404,657)
Transfers out	(6,622,670)	(9,120,750)	(9,120,750)	-
Total other financing sources (uses)	<u>(6,397,670)</u>	<u>(8,372,270)</u>	<u>(8,776,927)</u>	<u>(404,657)</u>
Net change in fund balance	-	159,690	2,461,408	2,301,718
Fund balance, beginning of year, as restated	<u>23,323,112</u>	<u>23,323,112</u>	<u>23,323,112</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,323,112</u>	<u>\$ 23,482,802</u>	<u>\$ 25,784,520</u>	<u>\$ 2,301,718</u>

concluded.

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Major Streets Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ -	\$ -	\$ 1,190,000	\$ 1,190,000
State grants	7,338,450	7,998,480	7,641,439	(357,041)
Contributions	25,000	-	629,998	629,998
Charges for services	45,000	89,410	94,704	5,294
Investment income	45,680	365,000	388,741	23,741
Refunds and other	38,500	46,320	46,688	368
Total revenues	7,492,630	8,499,210	9,991,570	1,492,360
Expenditures				
Current -				
Public works - streets	2,490,800	2,238,120	1,935,824	(302,296)
Capital outlay	5,538,750	3,928,180	2,901,392	(1,026,788)
Total expenditures	8,029,550	6,166,300	4,837,216	(1,329,084)
Revenues over (under) expenditures	(536,920)	2,332,910	5,154,354	2,821,444
Other financing sources (uses)				
Transfers in	2,516,200	1,602,400	412,400	(1,190,000)
Transfers out	(1,662,500)	(1,750,000)	(1,750,000)	-
Total other financing sources (uses)	853,700	(147,600)	(1,337,600)	(1,190,000)
Net change in fund balance	316,780	2,185,310	3,816,754	1,631,444
Fund balance, beginning of year	7,649,619	7,649,619	7,649,619	-
Fund balance, end of year	\$ 7,966,399	\$ 9,834,929	\$ 11,466,373	\$ 1,631,444

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Local Streets Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,410,240	\$ 4,368,520	\$ 4,369,587	\$ 1,067
Licenses and permits	45,000	26,100	28,804	2,704
State grants	2,584,930	2,795,680	2,869,275	73,595
Charges for services	213,200	121,440	136,726	15,286
Investment income	44,390	360,050	368,471	8,421
Special assessments	32,330	34,750	34,766	16
Refunds and other	250,000	381,580	355,883	(25,697)
Total revenues	7,580,090	8,088,120	8,163,512	75,392
Expenditures				
Current -				
Public works - streets	5,330,910	4,946,910	4,330,255	(616,655)
Capital outlay	5,525,000	5,163,440	5,064,968	(98,472)
Total expenditures	10,855,910	10,110,350	9,395,223	(715,127)
Revenues under expenditures	(3,275,820)	(2,022,230)	(1,231,711)	790,519
Other financing sources				
Proceeds from sale of capital assets	-	200	204	4
Transfers in	2,380,820	1,750,000	1,750,000	-
Total other financing sources	2,380,820	1,750,200	1,750,204	4
Net change in fund balance	(895,000)	(272,030)	518,493	790,523
Fund balance, beginning of year	5,704,446	5,704,446	5,704,446	-
Fund balance, end of year	\$ 4,809,446	\$ 5,432,416	\$ 6,222,939	\$ 790,523

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Fire Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 11,142,170	\$ 11,036,990	\$ 11,039,663	\$ 2,673
Licenses and permits	4,000	4,290	4,380	90
Federal grants	-	35,610	35,614	4
State grants	103,770	102,330	102,797	467
Charges for services	2,344,580	2,942,370	3,154,972	212,602
Fines and forfeitures	3,000	7,300	7,636	336
Investment income	87,880	469,000	465,459	(3,541)
Refunds and other	5,000	6,050	6,300	250
Total revenues	13,690,400	14,603,940	14,816,821	212,881
Expenditures				
Current - Public safety	12,945,950	12,595,170	12,231,952	(363,218)
Revenues over expenditures	744,450	2,008,770	2,584,869	576,099
Other financing uses				
Transfers out	(673,840)	(1,847,990)	(1,847,990)	-
Net change in fund balance	70,610	160,780	736,879	576,099
Fund balance, beginning of year	3,462,446	3,462,446	3,462,446	-
Fund balance, end of year	\$ 3,533,056	\$ 3,623,226	\$ 4,199,325	\$ 576,099

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Special Police Protection Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 9,308,250	\$ 9,221,510	\$ 9,222,504	\$ 994
Federal grants	-	-	5,700	5,700
State grants	128,840	140,620	141,338	718
Contributions	304,820	614,510	599,811	(14,699)
Charges for services	149,720	143,000	144,826	1,826
Fines and forfeitures	352,500	362,000	362,988	988
Investment income	81,510	471,000	471,083	83
Refunds and other	-	31,400	31,966	566
Total revenues	10,325,640	10,984,040	10,980,216	(3,824)
Expenditures				
Current - Public safety	10,634,510	10,949,330	10,672,616	(276,714)
Net change in fund balance	(308,870)	34,710	307,600	272,890
Fund balance, beginning of year	3,821,684	3,821,684	3,821,684	-
Fund balance, end of year	<u>\$ 3,512,814</u>	<u>\$ 3,856,394</u>	<u>\$ 4,129,284</u>	<u>\$ 272,890</u>

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Solid Waste Management	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 16,638,699	\$ 715,133	\$ 17,353,832	\$ 13,183,159
Investments	24,482,669	-	24,482,669	12,241,669
Receivables:				
Accounts	6,690,772	171,108	6,861,880	62,414
Due from other governments	200,691	-	200,691	300,000
Interest	569,818	-	569,818	283,574
Leases	-	-	-	55,661
Due from other funds	252,642	-	252,642	462,673
Inventory	538,933	-	538,933	-
Prepaid items	1,822,946	-	1,822,946	184,348
Total current assets	51,197,170	886,241	52,083,411	26,773,498
Noncurrent assets:				
Restricted assets	3,000,676	-	3,000,676	-
Long-term receivable	57,287	-	57,287	-
Net OPEB asset	49,562	-	49,562	-
Capital assets not being depreciated	6,068,969	-	6,068,969	21,607,961
Capital assets being depreciated/amortized, net	130,320,410	-	130,320,410	52,230,827
Total noncurrent assets	139,496,904	-	139,496,904	73,838,788
Total assets	190,694,074	886,241	191,580,315	100,612,286
Deferred outflows of resources				
Deferred OPEB amounts	46,210	-	46,210	-
Liabilities				
Current liabilities:				
Accounts payable	1,888,505	35,878	1,924,383	974,106
Accrued wages	137,267	-	137,267	97,710
Retainages payable	175,591	-	175,591	228,165
Deposits and escrow	186,085	140,000	326,085	-
Accrued and other liabilities	-	-	-	101,353
Accrued interest	58,146	-	58,146	-
Bonds and other long-term liabilities, current	929,691	-	929,691	215,981
Compensated absences	356,794	-	356,794	195,636
Total current liabilities	3,732,079	175,878	3,907,957	1,812,951
Noncurrent liabilities -				
Bonds and other long-term liabilities, net of current portion	9,398,666	-	9,398,666	557,162
Total liabilities	13,130,745	175,878	13,306,623	2,370,113
Deferred inflows of resources				
Deferred lease amounts	-	-	-	55,661
Net position				
Net investment in capital assets	125,885,431	-	125,885,431	73,065,645
Restricted for capital projects	3,000,676	-	3,000,676	-
Restricted for other postemployment benefits	49,562	-	49,562	-
Unrestricted	48,673,870	710,363	49,384,233	25,120,867
Total net position	\$ 177,609,539	\$ 710,363	\$ 178,319,902	\$ 98,186,512

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

CITY OF ROCHESTER HILLS, MICHIGAN

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

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Solid Waste Management	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 35,703,247	\$ 647,731	\$ 36,350,978	\$ 9,204,879
Other	4,347	-	4,347	205,625
Total operating revenues	35,707,594	647,731	36,355,325	9,410,504
Operating expenses				
Cost of water produced/purchased	12,753,176	-	12,753,176	-
Cost of sewage treatment	8,934,932	-	8,934,932	-
Salaries and wages	4,292,448	-	4,292,448	3,050,566
Professional services	4,221,810	118,264	4,340,074	2,649,468
Utilities	-	-	-	1,012,978
Material and supplies	586,894	-	586,894	390,379
Contractual services	-	332,014	332,014	-
Repairs and maintenance	16,923	-	16,923	1,652,315
Rentals	9,522	-	9,522	8,780
Other expenses	10,579	-	10,579	-
Depreciation/amortization	4,983,199	-	4,983,199	4,929,286
Total operating expenses	35,809,483	450,278	36,259,761	13,693,772
Operating income (loss)	(101,889)	197,453	95,564	(4,283,268)
Nonoperating revenues (expenses)				
Federal grants	817,262	-	817,262	3,217,849
State grants	286,798	-	286,798	-
Investment income	1,850,172	28,934	1,879,106	1,073,049
Interest expense	(245,079)	-	(245,079)	-
Gain on sale of capital assets	-	-	-	361,296
Total nonoperating revenues (expenses)	2,709,153	28,934	2,738,087	4,652,194
Income before capital contributions and transfers	2,607,264	226,387	2,833,651	368,926
Capital contributions	762,276	-	762,276	1,232,940
Transfers in	168,500	-	168,500	9,403,420
Change in net position	3,538,040	226,387	3,764,427	11,005,286
Net position, beginning of year	174,071,499	483,976	174,555,475	87,181,226
Net position, end of year	\$ 177,609,539	\$ 710,363	\$ 178,319,902	\$ 98,186,512

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Solid Waste Management	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers	\$ 35,322,952	\$ 631,984	\$ 35,954,936	\$ -
Internal activity - receipts from other funds	-	-	-	8,686,391
Other operating receipts	4,347	-	4,347	205,625
Payments to vendors	(27,231,598)	(495,948)	(27,727,546)	(6,357,429)
Payments to employees	(4,329,241)	-	(4,329,241)	(3,070,314)
Net cash provided by (used in) operating activities	<u>3,766,460</u>	<u>136,036</u>	<u>3,902,496</u>	<u>(535,727)</u>
Cash flows from noncapital financing activities				
Federal grants	817,262	-	817,262	3,109,334
State grants	111,360	-	111,360	-
Transfers from other funds	168,500	-	168,500	9,403,420
Net cash provided by noncapital financing activities	<u>1,097,122</u>	<u>-</u>	<u>1,097,122</u>	<u>12,512,754</u>
Cash flows from capital and related financing activities				
Capital contributions	762,276	-	762,276	1,232,940
Purchase of capital assets	(7,135,491)	-	(7,135,491)	(12,980,507)
Principal paid on bonds payable and other long-term liabilities	(908,093)	-	(908,093)	(122,246)
Interest paid on bonds payable and other long-term liabilities	(186,933)	-	(186,933)	-
Proceeds from sale of capital assets	-	-	-	361,296
Net cash used in capital and related financing activities	<u>(7,468,241)</u>	<u>-</u>	<u>(7,468,241)</u>	<u>(11,508,517)</u>
Cash flows from investing activities				
Proceeds from sale and maturities of investments	767,804	-	767,804	495,005
Purchase of investments	-	-	-	(3,543,585)
Interest received on investments	1,493,887	28,934	1,522,821	857,978
Net cash provided by (used in) investing activities	<u>2,261,691</u>	<u>28,934</u>	<u>2,290,625</u>	<u>(2,190,602)</u>
Net change in cash and investments	<u>(342,968)</u>	<u>164,970</u>	<u>(177,998)</u>	<u>(1,722,092)</u>
Cash and investments balances, beginning of year	<u>16,981,667</u>	<u>550,163</u>	<u>17,531,830</u>	<u>14,905,251</u>
Cash and investments balances, end of year	<u>\$ 16,638,699</u>	<u>\$ 715,133</u>	<u>\$ 17,353,832</u>	<u>\$ 13,183,159</u>

continued...

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Solid Waste Management	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (101,889)	\$ 197,453	\$ 95,564	\$ (4,283,268)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	4,983,199	-	4,983,199	4,929,286
Changes in assets and liabilities:				
Receivables:				
Accounts	215,320	(15,747)	199,573	(55,815)
Leases	-	-	-	20,507
Due from other funds	(252,642)	-	(252,642)	(462,673)
Inventory	(349,893)	-	(349,893)	-
Prepaid items	(5,955)	-	(5,955)	100,809
Long-term receivable	12,875	-	12,875	-
Net OPEB asset	(76,916)	-	(76,916)	-
Deferred OPEB amounts	23,561	-	23,561	-
Accounts payable	(638,874)	(45,670)	(684,544)	(695,590)
Accrued wages	3,395	-	3,395	2,224
Deposits and escrow	4,245	-	4,245	-
Accrued and other liabilities	(63,133)	-	(63,133)	(48,728)
Compensated absences	13,167	-	13,167	(21,972)
Deferred lease amounts	-	-	-	(20,507)
Net cash provided by (used in) operating activities	<u>\$ 3,766,460</u>	<u>\$ 136,036</u>	<u>\$ 3,902,496</u>	<u>\$ (535,727)</u>
Noncash capital financing activities				
Change in retainage payable related to capital asset additions	\$ (22,709)	\$ -	\$ (22,709)	\$ (142,174)
Addition of subscription assets	-	-	-	(895,389)
Addition of subscription liabilities	-	-	-	895,389
Total noncash capital financing activities	<u>\$ (22,709)</u>	<u>\$ -</u>	<u>\$ (22,709)</u>	<u>\$ (142,174)</u>

concluded.

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2023

	Retiree Healthcare Benefit Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 50,771	\$ 13,346,490
Investments, at fair value - mutual funds	2,067,056	-
Receivables	143	3,140,050
Prepaid items	13	-
Total assets	<u>2,117,983</u>	<u>16,486,540</u>
Liabilities		
Accounts payable	30	-
Due to other governments	-	16,355,690
Total liabilities	<u>30</u>	<u>16,355,690</u>
Net position		
Restricted for:		
Other postemployment benefits	2,117,953	-
Individuals, organizations, and other governments	-	130,850
Total net position	<u>\$ 2,117,953</u>	<u>\$ 130,850</u>

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

CITY OF ROCHESTER HILLS, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2023

	Retiree Healthcare Benefit Trust Fund	Custodial Funds
Additions		
Investment income:		
Investment income	\$ 267,938	\$ 161,397
Less: investment expense	(3,150)	-
Total net investment income	264,788	161,397
Contributions - employer	75,110	-
Member contributions	-	24,333,640
Taxes collected for other governments	-	111,067,999
Other	-	28,122
Total additions	339,898	135,591,158
Deductions		
Benefits	183,052	-
Administrative expenses	13,355	-
Professional services	-	66,173
Water purchases	-	24,362,789
Payments of taxes to other governments	-	111,067,999
Payments to other organizations	-	28,122
Total deductions	196,407	135,525,083
Change in net position	143,491	66,075
Net position, beginning of year	1,974,462	64,775
Net position, end of year	\$ 2,117,953	\$ 130,850

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

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2023

	Brownfield Redevelopment Authority			Local Development Finance Authority
	Legacy	Revolving	Total	
Assets				
Cash and cash equivalents	\$ 1,405,220	\$ 34,782	\$ 1,440,002	\$ 2,268,131
Investments	-	-	-	2,905,431
Receivables	-	-	-	102,553
Other assets	-	-	-	64
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	1,405,220	34,782	1,440,002	5,276,179
Liabilities				
Accounts payable and accrued liabilities	1,028,254	-	1,028,254	1,448
Unearned revenue	-	-	-	-
Compensated absences:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	1,028,254	-	1,028,254	1,448
Deferred inflows of resources				
Taxes levied for a subsequent period	296,007	-	296,007	1,039,457
Deferred lease amounts	-	-	-	-
Total deferred inflows of resources	296,007	-	296,007	1,039,457
Net position				
Investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	80,959	34,782	115,741	4,235,274
Total net position	\$ 80,959	\$ 34,782	\$ 115,741	\$ 4,235,274

* As of September 30, 2023

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



Rochester Hills Museum Foundation	Rochester-Avon Recreation Authority	Older Persons' Commission (*)	Total
\$ 10,699	\$ 1,220,989	\$ 3,866,997	\$ 8,806,818
-	-	2,912,306	5,817,737
-	605,204	386,873	1,094,630
-	85,485	155,242	240,791
-	280,000	3,090,244	3,370,244
-	2,068,845	10,392,459	12,461,304
<u>10,699</u>	<u>4,260,523</u>	<u>20,804,121</u>	<u>31,791,524</u>
-	114,718	286,362	1,430,782
-	107,778	1,009,294	1,117,072
-	-	61,952	61,952
-	-	14,533	14,533
<u>-</u>	<u>222,496</u>	<u>1,372,141</u>	<u>2,624,339</u>
-	-	-	1,335,464
-	602,135	-	602,135
<u>-</u>	<u>602,135</u>	<u>-</u>	<u>1,937,599</u>
-	2,348,845	13,482,703	15,831,548
-	-	7,698	7,698
10,699	1,087,047	5,941,579	11,390,340
<u>\$ 10,699</u>	<u>\$ 3,435,892</u>	<u>\$ 19,431,980</u>	<u>\$ 27,229,586</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended December 31, 2023

	Brownfield Redevelopment Authority			Local Development Finance Authority
	Legacy	Revolving	Total	
Expenses				
Community and economic development	\$ 420,590	\$ -	\$ 420,590	\$ 308,457
Recreation and culture	-	-	-	-
Total expenses	<u>420,590</u>	<u>-</u>	<u>420,590</u>	<u>308,457</u>
Program revenues				
Charges for services	-	-	-	-
Operating grants and contributions	-	12,918	12,918	487,006
Total revenues	<u>-</u>	<u>12,918</u>	<u>12,918</u>	<u>487,006</u>
Net revenues (expenses)	<u>(420,590)</u>	<u>12,918</u>	<u>(407,672)</u>	<u>178,549</u>
General revenues				
Property taxes	430,590	-	430,590	489,583
Unrestricted investment income	45,438	1,309	46,747	205,706
Miscellaneous	-	-	-	-
Member contributions	-	-	-	-
Total general revenues	<u>476,028</u>	<u>1,309</u>	<u>477,337</u>	<u>695,289</u>
Change in net position	<u>55,438</u>	<u>14,227</u>	<u>69,665</u>	<u>873,838</u>
Net position, beginning of year	<u>25,521</u>	<u>20,555</u>	<u>46,076</u>	<u>3,361,436</u>
Net position, end of year	<u>\$ 80,959</u>	<u>\$ 34,782</u>	<u>\$ 115,741</u>	<u>\$ 4,235,274</u>

* Year ended September 30, 2023

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



Rochester Hills Museum Foundation	Rochester-Avon Recreation Authority	Older Persons' Commission (*)	Total
\$ -	\$ -	\$ -	\$ 729,047
20	2,432,260	5,763,750	8,196,030
<hr/>	<hr/>	<hr/>	<hr/>
20	2,432,260	5,763,750	8,925,077
<hr/>	<hr/>	<hr/>	<hr/>
-	1,524,797	1,774,655	3,299,452
-	40	2,682,949	3,182,913
<hr/>	<hr/>	<hr/>	<hr/>
-	1,524,837	4,457,604	6,482,365
<hr/>	<hr/>	<hr/>	<hr/>
(20)	(907,423)	(1,306,146)	(2,442,712)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	920,173
535	82,730	120,701	456,419
-	9,160	79,537	88,697
-	859,291	2,638,939	3,498,230
<hr/>	<hr/>	<hr/>	<hr/>
535	951,181	2,839,177	4,963,519
<hr/>	<hr/>	<hr/>	<hr/>
515	43,758	1,533,031	2,520,807
<hr/>	<hr/>	<hr/>	<hr/>
10,184	3,392,134	17,898,949	24,708,779
<hr/>	<hr/>	<hr/>	<hr/>
\$ 10,699	\$ 3,435,892	\$ 19,431,980	\$ 27,229,586
<hr/>	<hr/>	<hr/>	<hr/>



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NOTES TO FINANCIAL STATEMENTS

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Rochester Hills, Michigan (the "City") is a municipal corporation that is governed by an elected seven member council. The City provides the following services as authorized by its charter: public safety (fire protection and contracted police service), street maintenance, water and wastewater distribution, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the government's operations. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government (see discussion below for description).

Blended Component Units. The individual component units set forth below are included as a part of the primary government due to the significance of their operational and financial relationships with the City.

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

Discretely Presented Component Units. The component units column in the government-wide financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the officials of the primary government are financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's Board, and either (a) the ability to impose the will of the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Local Development Finance Authority (the "LDFA"). The LDFA is governed by a thirteen-member board, of which seven members are appointed by the Mayor and confirmed by the City Council while the other six members are appointed by the legislative bodies of other taxing authorities. The LDFA was created to provide a means for financing infrastructure improvements within a certain area of the City on behalf of the City and other entities. The City has the ability to impose its will upon the LDFA. In addition, the City Council sets the annual budget for the LDFA and the LDFA is presented as a modified accrual governmental fund. There are no modifications needed to reflect the full accrual basis of reporting for the LDFA. The financial statements presented also reflect the LDFA's accrual basis of reporting. No separate financial statements are issued for the LDFA.

Brownfield Redevelopment Authority - Legacy (the "BRA-Legacy"). The BRA-Legacy was created, pursuant to Public Act 381 of 1996, to promote revitalization of an environmentally distressed area at the corner of Hamlin Rd. and Adams Rd. The BRA 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 BRA-Legacy. In addition, the City Council sets the annual budget for the BRA-Legacy. There are no modifications needed to reflect the full accrual basis of reporting for the BRA-Legacy. The modified accrual financial statements presented also reflect the BRA-Legacy's accrual basis of reporting. No separate financial statements are issued for the BRA-Legacy.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Brownfield Redevelopment Authority - Revolving (the "BRA-Revolving"). The BRA-Revolving was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the 32.2 square mile boundary of the City. The Brownfield Redevelopment Authority is governed by a seven-member board, appointed by the Mayor, and confirmed by the City Council. The City has the ability to impose its will on the BRA-Revolving. In addition, the City Council sets the annual budget for the BRA-Revolving. There are no modifications needed to reflect the full accrual basis of reporting for the BRA-Revolving. The modified accrual financial statements presented also reflect the BRA-Revolving's accrual basis of reporting. No separate financial statements are issued for the BRA-Revolving.

Museum Foundation (the "Foundation"). The Foundation was organized in 2014 as a 501(c)3 tax exempt organization and will receive and administer funds to promote and assist in the development of the Museum's educational activities and programs including the development of broad public, private and volunteer support to make the Museum's resources more accessible to the public and promote historic preservation in Rochester Hills and the surrounding area. The Foundation is governed by a nine-member board. Six of the Board Members will be at-large members and shall be appointed by the City Council. At least two of the at-large Board Members shall be residents of the City of Rochester Hills. The Mayor will nominate three of the six at-large Board Members to be confirmed by the City Council and the City Council shall nominate and appoint three of the six at-large members. The remaining Board Members are ex-officio members. The City Council sets the annual budget for the Foundation. The financial statements presented also reflect the Foundation's accrual basis of reporting. No separate financial statements are issued for the Foundation.

Rochester-Avon Recreation Authority (the "RARA"). The RARA 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, which is 43% of participating members, City of Rochester (29%), Rochester Community School District (14%) and Avondale School District (14%) are also member units of the RARA. The RARA is financially accountable to the City.

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

Older Persons' Commission (the "OPC"). The OPC 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, which is a 65% participating member, Oakland Township (23%) and the City of Rochester (12%) are also member units of the OPC. The OPC is fiscally accountable to the City because the City makes certain debt payments on behalf of the OPC.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

The governing body of the OPC consists of a total of eight members including two City Council members and two Council-appointed older persons from the City, one City Council member, and one Council-appointed older person from the City of Rochester, and one Board Member and one Board-appointed older person from Oakland Township. There is a financial benefit/burden relationship between the OPC and the City due to an interlocal agreement between the OPC and the participating governments. It is agreed that on-going funding to the OPC for programs and activities will be based on the taxation of properties by the governing bodies. City Council approves the annual budget. In addition, the recreational and cultural benefits provided by the OPC to the City would fall back on the City if the OPC discontinued operations. The OPC's financial statements for year ending September 30, 2023 can be obtained from its administrative offices at 650 Letica Drive, Rochester, MI 48307.

Fiduciary Component Units

The *Retiree Healthcare Benefit Trust* (the Plan) is a single-employer defined benefit postemployment healthcare plan established and administered by the Retiree Healthcare Benefit Trust Board to provide medical and healthcare benefits for retirees and their beneficiaries covering certain full-time employees of the City. The Plan is included as a fiduciary component unit of the City because: (1) the Plan is a legally separate entity; (2) the City Council appoints a voting majority of the Board; and (3) the City makes contributions to the Plan on behalf of its participants. No separate financial statements are issued for the Plan.

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%), City of Rochester (22%), City of Rochester Hills (24%), and Oakland Township (31%), provide annual funding for its operations. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The City does not have an equity interest in the joint venture. Complete financial statements for the Paint Creek Trailways Commission can be obtained from the administrative offices at 4393 Collins Road, Rochester, MI 48306.

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

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

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *major streets fund* accounts for the State of Michigan Public Act 51 monies that are used to construct and maintain the major road system.

The *local streets fund* accounts for the State of Michigan Public Act 51 monies and special millage, spread by the City, which are used to construct and maintain the local street system.

The *fire fund* accounts for all revenue and expenditures for City-wide fire operations, including millage collection.

The *special police protection fund* accounts for the special millage for City police protection contracted with Oakland County.

The *fire capital fund* accounts for financial resources that are committed to expenditure for capital outlays for fire vehicles and equipment.

The government reports the following major proprietary fund -

The *water and sewer fund* accounts for the cost of maintenance and operations for water and sewer provided to City residents and businesses that is financed through user charges.

Additionally, the government reports the following fund types:

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

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

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

The *permanent funds* are used to account for the resources that are permanently restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry.

The *enterprise fund* accounts for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Internal service funds account for the costs of operating and maintaining the land, building, machinery, equipment, technology, vehicles, and insurance used to allocate costs to the various funds on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

The *custodial funds* are used to account for monies held by the City in a custodial capacity for individuals, private organizations and other governments, specifically funds from licensing and trailer taxes, property tax collection, and resources held by the City on behalf of the NOCWA.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the other employee benefit trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied as of July 1st on property values assessed as of the same date. The City bills twice a year, on July 1st and December 1st. The July bill, which contains the school, community college and most of the City levy, is due without interest by July 31st, although taxpayers may pay the bill in two installments provided half the bill is paid by July 31st. The second half is due without penalty by October 31st. The December bill, which typically contains the county levy and a small City levy, is payable without interest by the following February 14th. The bills are considered past due on March 1st, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financials.

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 13 for additional discussion.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

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

Leases

Lessor. The City is a lessor for noncancellable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Subscription-Based Information Technology Arrangements (SBITA)

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

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

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

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to its other postemployment benefit liabilities/assets.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and annual leave pay benefits. All vacation and annual leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

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

Fund Balances

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. 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 is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission (the City's highest level of decision-making authority). A formal resolution of the City Commission is required to establish, modify, or rescind a fund balance commitment. Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has delegated the authority to assign fund balance to the Chief Financial Officer or his/her designee. Unassigned fund balance is the residual classification for the general fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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 the general fund resulting from the excess of revenue in comparison to expenditures. The budget stabilization fund is included with the general fund for financial statement purposes. An appropriation from the budget stabilization fund would require an approved resolution by a two-thirds vote of the City Council. Per ordinance, the stabilization appropriation may be used for the following conditions: to cover a general fund deficit, to cover expense arising from a natural disaster or to prevent a reduction of staff any time in a fiscal year or during the budget preparations for the next fiscal year when revenues or estimated revenues do not cover actual or estimated expenditures.

To preserve a sound financial system and to provide a stable financial base, the City Council adopted a fund balance policy. At a minimum, the fund balance of the general fund and special revenue funds will be maintained at twenty percent of operating revenues. The City Council's fund balance policy included that fund equity of internal service funds will be maintained at a minimum of twenty percent of operating revenues and the water and sewer fund's unrestricted net position be maintained at a minimum of twenty five percent of operating revenue. Funds with a special purpose (debt service, perpetual care, tree fund, green space preservation and capital funds) are exempted from this policy due to the nature of their individual function.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

The City is in compliance with its fund balance policies.

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

Other Postemployment Benefits

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

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State Construction Code Act

The City oversees building construction, in accordance with the State 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 surplus or shortfall is as follows:

Cumulative shortfall at January 1, 2023, as restated	<u>\$ (16,815)</u>
Current year building permit revenue	2,505,954
Related expenditures:	
Direct costs	2,270,740
Estimated indirect costs	<u>340,611</u>
Total construction code expenditures	<u>2,611,351</u>
Net deficit for the year ended December 31, 2023	<u>(105,397)</u>
Cumulative shortfall at December 31, 2023	<u>\$ (122,212)</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

3. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end. During the year, the budget was amended in a legally permissible manner.

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

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

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

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

Expenditures in Excess of Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. Excess of expenditures or transfers out over appropriations in individual funds are as follows:

	Final Budget	Actual	Excess
Parks facilities fund	\$ -	\$ 133	\$ 133
RARA millage fund	765,000	765,213	213
Tree fund	159,000	162,790	3,790
Older persons' millage fund	1,707,990	1,708,253	263

4. DEPOSITS AND INVESTMENTS

State of Michigan statutes authorize the City to invest in bonds and other direct and certain indirect obligations of the US Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration; and commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds comprised of investments as outlined above. The City's other postemployment benefit trust fund is allowed to invest in corporate stocks and bonds.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

The City's investment policy allows for all of these types of investments. Investments of the City Retiree Health Supplemental Benefit Plan are subject to a number of restrictions as to type, quality and concentration of investments. Retiree healthcare investments are held in a trust fund invested by Transamerica.

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 86,538,670	\$ 8,806,818	\$ 95,345,488
Investments	102,802,429	5,817,737	108,620,166
Restricted assets	3,000,676	-	3,000,676
	<u>192,341,775</u>	<u>14,624,555</u>	<u>206,966,330</u>
Statement of Fiduciary Net Position			
OPEB trust fund:			
Cash and cash equivalents	50,771	-	50,771
Investments	2,067,056	-	2,067,056
Custodial funds -			
Cash and cash equivalents	13,346,490	-	13,346,490
	<u>15,464,317</u>	<u>-</u>	<u>15,464,317</u>
Total	<u>\$ 207,806,092</u>	<u>\$ 14,624,555</u>	<u>\$ 222,430,647</u>
Deposits and investments			
Bank deposits (checking and savings accounts, certificates of deposit)			\$ 45,895,427
Restricted deposits at Oakland County			3,000,676
Investments:			
The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts - Mutual funds			10,950,984
City investment pool:			
U.S. agencies			9,870,238
U.S. treasuries			23,552,545
Michigan CLASS government investment pool			94,473,550
Commercial paper			33,615,026
Oakland County local investment pool			1,060,471
Cash on hand			<u>11,730</u>
Total			<u>\$ 222,430,647</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Investment and Deposit Risk

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City's weighted average maturity dates are disclosed below:

	Fair Value	Weighted Average Maturity
City investment pool:		
U.S. agencies and treasuries	\$ 33,422,783	735 days
Michigan CLASS government investment pool:		
PRIME fund	83,785,472	48 days
EDGE fund	10,688,078	174 days
Commercial paper	33,615,026	260 days
Oakland County local investment pool	1,060,471	268 days
The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts:		
Mutual funds	<u>10,950,984</u>	9.2 years
Total	<u>\$ 173,522,814</u>	

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

The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts' adopted investment policy statements ("IPS") place the maximum effective maturity of any single security at 30 years.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The City's investments in U.S. treasuries, U.S. agencies, Michigan CLASS, Commercial Paper, and the Oakland County LGIP were as follows:

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

	Amount	Rating	Rating Agency
U.S. agencies	\$ 9,870,238	AA+	S&P
U.S. treasuries	23,552,545	AA+	S&P
Michigan CLASS government investment pool:			
PRIME fund	83,785,472	AAAm	S&P
EDGE fund	10,688,078	AAAf/S1	Fitch
Commercial paper	33,615,026	A-1 / P-1	S&P / Moody's
Oakland County local investment pool	1,060,471	N/A	N/A

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposit policy for operating funds related to custodial credit risk, requires that all financial institutions utilized by the City maintain an office within the state of Michigan and meet certain other requirements. As of December 31, 2023, \$39,237,778 of the City's bank balance of \$41,009,938 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Custodial Credit Risk – Investments. As of December 31, 2023, the City's investments consisted of government obligations, commercial paper, pooled investments, and other assets totaling \$162,571,830. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's operating fund Investment Policy states that "The City will minimize custodial risk by: 1) Using financial institutions and brokers (custodians) meeting pre-established criteria and; 2) Holding all securities in the name of the City of Rochester Hills." The City's Annual Depository Resolution, for its operating portfolio, lists qualified Broker/Dealer/Safekeeping institutions for the purchase and safekeeping of commercial paper and US Government obligations. All security transactions entered into by the City, for its operating portfolio, are conducted on a delivery-versus-payment (DVP) basis, held by a third-party custodian, and evidenced by a safekeeping receipt. As of December 31, 2023, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

For the Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trust, Custodial Risk is associated with the possible failure of the Trusts' safekeeping agent, where the Trusts would not be able to recover the value of its investments in the possession the Trusts' agent. The Trusts' Investment Policy Statements (IPS) requires that all investment transactions shall be conducted through a custodian that will act as the Trusts' third party. Securities shall be held by the custodian, as designated by the Trust Board through its selected investment provider and shall be evidenced by a custodial report. As of December 31, 2023, \$10,950,984 or 100 percent, of the investments were held in third party safekeeping, in the Trust's name.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy limits diversification by security issuer as follows:

Commercial paper	5%
Banks and savings and loan	5%
U.S. agencies	20%
Individual pool accounts	25%
U.S. treasuries	100%

At December 31, 2023, the City's Investment Pool was concentrated as follows:

Investment Type	Issuer	Amount	% of Portfolio
Individual pool accounts	Michigan CLASS	\$ 94,473,550	58.11%
Individual pool accounts	Oakland County LGIP	1,060,471	0.65%
Commercial paper	Natixis	4,795,482	2.95%
Commercial paper	Royal Bank of Canada	4,807,373	2.96%
Commercial paper	Toronto Dominion	4,792,679	2.95%
Commercial paper	Toyota Motor Credit PR	4,793,776	2.95%
Commercial paper	BPCE	4,835,622	2.97%
Commercial paper	Lloyd's Bank UK	4,800,419	2.95%
Commercial paper	SOC Generale	4,789,675	2.95%
U.S. agencies	FFCB	5,337,872	3.28%
U.S. agencies	FHLB	4,938,290	3.04%
U.S. treasuries	UST: STRIP	8,690,647	5.35%
U.S. treasuries	UST: US Treasury Bill	9,683,684	5.96%
U.S. treasuries	UST: US Treasury Note	4,772,290	2.94%
	Totals	\$ 162,571,830	100%

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

At December 31, 2023, the Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts were concentrated as follows:

Investment Type	Issuer	Amount	% of Portfolio
Mutual funds	Vanguard LifeStrategy Conservative Growth	\$ 4,497,286	41.07%
Mutual funds	Vanguard LifeStrategy Moderate Growth	4,791,095	43.75%
Mutual funds	Vanguard LifeStrategy Growth	1,662,603	15.18%
Totals		<u>\$ 10,950,984</u>	<u>100%</u>

As of December 31, 2023, as reported by the mutual funds, no holdings exceed any of the Board's adopted IPS limits.

Fair Value Measurements. The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the City.

The City had the following recurring fair value measurements as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
The Retiree Health Care Benefit Trust, Cemetery Perpetual Care Trust, and the Green Space Perpetual Care Trusts - Mutual funds	\$ 10,950,984	\$ -	\$ -	\$ 10,950,984
City investment pool:				
U.S. agencies	-	9,870,238	-	9,870,238
U.S. treasuries	-	23,552,545	-	23,552,545
Commercial paper	-	33,615,026	-	33,615,026
Total investments at fair value	<u>\$ 10,950,984</u>	<u>\$ 67,037,809</u>	<u>\$ -</u>	<u>77,988,793</u>
Investments measured at NAV				
Investment pools:				
Michigan CLASS government investment pool				94,473,550
Oakland County local investment pool				<u>1,060,471</u>
Total investments measured at NAV				<u>95,534,021</u>
Total investments				<u>\$ 173,522,814</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS government investment pool	\$ 94,473,550	\$ -	N/A	None
Oakland County local investment pool	1,060,471	-	N/A	None
Total	<u>\$ 95,534,021</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

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

5. PARTICIPATION WITH COMMUNITY FOUNDATION

The City has entered into several agreements with the Community Foundation of the Greater Rochester Area (the "Foundation") to establish a fund for the primary purpose of park development, museum operations and preservation, memorial and honorary programs, cemetery preservation and beautification, stewardship of green space initiative and miscellaneous community programs. The funds were created with contributions from donors. In order to encourage contributions, the City solicited donations and conducted fundraisers. The funds reside with the Foundation and disbursements from the funds are made to the City for the above stated purposes, along with other charitable projects upon approval from the Foundation. At December 31, 2023, the funds contained approximately \$426,763 which includes both endowed and nonendowed funds. The funds are recorded in the records of the Foundation.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units	Not Expected to be Collected Within One Year
Taxes	\$ 20,770,538	\$ -	\$ 41,897	\$ -
Accounts	725,589	6,861,880	389,942	137,208
Due from other governments	3,595,884	200,691	76,637	-
Interest	1,618,201	569,818	602,135	-
Leases	1,417,418	-	-	1,252,026
Special assessments	262,416	57,287	-	288,860
Less: allowance for uncollectibles (taxes)	(63,495)	-	(15,981)	-
	<u>\$ 28,326,551</u>	<u>\$ 7,689,676</u>	<u>\$ 1,094,630</u>	<u>\$ 1,678,094</u>

7. PAYABLES

Accounts payable and accrued liabilities are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 4,201,889	\$ 1,924,383	\$ 1,381,333
Accrued wages	925,371	137,267	649
Retainages payable	272,221	175,591	-
Deposits and escrow	1,880,154	326,085	-
Accrued and other liabilities	114,348	-	48,800
Accrued interest	2,434	58,146	-
	<u>\$ 7,396,417</u>	<u>\$ 2,621,472</u>	<u>\$ 1,430,782</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2023, was as follows:

	Due from Other Funds	Due to Other Funds
Fire capital	\$ -	\$ 718,720
Nonmajor governmental	718,720	715,315
Water and sewer	252,642	-
Internal service	462,673	-
	<u>\$ 1,434,035</u>	<u>\$ 1,434,035</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

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

Fund Transferred from	Fund Transferred To	Amount
General	Major streets	\$ 412,400
	Nonmajor governmental	8,181,640
	Internal service	526,710
		<u>9,120,750</u>
Major streets	Local streets	<u>1,750,000</u>
Fire	Fire capital	<u>1,847,990</u>
Fire capital	Internal service	<u>195,080</u>
Nonmajor governmental	General	343,823
	Nonmajor governmental	1,051,480
	Water and sewer	168,500
	Internal service	8,681,630
		<u>10,245,433</u>
		<u>\$ 23,159,253</u>

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

The transfers from the general fund to the major streets fund and the facilities fund represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations. A transfer to the capital improvement fund in the amount of \$7.9 million from unrestricted resources from the general fund was made in accordance with the 2019 fund balance policy, and will be used to finance future capital improvements.

The transfer from the fire fund to the fire capital fund represents a transfer in the amount of \$1.8 million, that was made in accordance with the 2019 fund balance policy. These funds will be used to purchase and replace fire apparatus.

The transfers from nonmajor governmental funds to nonmajor governmental funds and internal service funds and the transfer from the major streets fund to the local streets fund represent the use of assigned resources for City projects.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

9. CAPITAL ASSETS

Primary Government

Capital asset activity for the current year was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 24,011,128	\$ 3,368,516	\$ -	\$ 27,379,644
Right of way	50,029,900	-	-	50,029,900
	<u>74,041,028</u>	<u>3,368,516</u>	<u>-</u>	<u>77,409,544</u>
Capital assets, being depreciated/amortized:				
Roads	233,649,063	7,637,834	-	241,286,897
Drain flowage rights	31,196,106	-	-	31,196,106
Land improvements	42,605,689	6,271,687	-	48,877,376
Buildings and improvements	50,061,653	1,598,650	-	51,660,303
Vehicles	17,427,370	2,052,433	(1,135,908)	18,343,895
Office furniture	4,604,760	218,938	-	4,823,698
Subscription assets (Note 12)	-	895,389	-	895,389
Other tools and equipment	9,932,332	719,554	(83,933)	10,567,953
	<u>389,476,973</u>	<u>19,394,485</u>	<u>(1,219,841)</u>	<u>407,651,617</u>
Less accumulated depreciation/amortization for:				
Roads	(132,157,017)	(8,385,671)	-	(140,542,688)
Drain flowage rights	(22,396,029)	(678,066)	-	(23,074,095)
Land improvements	(23,806,185)	(2,226,810)	-	(26,032,995)
Buildings and improvements	(25,586,404)	(1,632,389)	-	(27,218,793)
Vehicles	(9,498,826)	(1,594,604)	1,135,908	(9,957,522)
Office furniture	(4,260,186)	(186,106)	-	(4,446,292)
Subscription assets (Note 12)	-	(130,578)	-	(130,578)
Other tools and equipment	(6,435,718)	(731,395)	83,933	(7,083,180)
	<u>(224,140,365)</u>	<u>(15,565,619)</u>	<u>1,219,841</u>	<u>(238,486,143)</u>
Total capital assets being depreciated/amortized, net	<u>165,336,608</u>	<u>3,828,866</u>	<u>-</u>	<u>169,165,474</u>
Governmental activities capital assets, net	<u>\$ 239,377,636</u>	<u>\$ 7,197,382</u>	<u>\$ -</u>	<u>\$ 246,575,018</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 116,908	\$ -	\$ -	\$ 116,908
Construction in progress	4,114,386	1,837,675	-	5,952,061
	<u>4,231,294</u>	<u>1,837,675</u>	<u>-</u>	<u>6,068,969</u>
Capital assets, being depreciated:				
Water and sewer distribution systems	224,294,865	4,890,961	-	229,185,826
Land improvements	442,402	-	-	442,402
Buildings and improvements	18,630,372	328,346	-	18,958,718
Office furniture	513,304	-	-	513,304
Other tools and equipment	8,508,815	55,800	(44,848)	8,519,767
	<u>252,389,758</u>	<u>5,275,107</u>	<u>(44,848)</u>	<u>257,620,017</u>
Less accumulated depreciation for:				
Water and sewer distribution systems	(108,406,037)	(4,514,981)	-	(112,921,018)
Land improvements	(221,268)	(10,361)	-	(231,629)
Buildings and improvements	(5,022,370)	(400,532)	-	(5,422,902)
Office furniture	(496,486)	(15,658)	-	(512,144)
Other tools and equipment	(8,215,095)	(41,667)	44,848	(8,211,914)
	<u>(122,361,256)</u>	<u>(4,983,199)</u>	<u>44,848</u>	<u>(127,299,607)</u>
Total capital assets being depreciated, net	<u>130,028,502</u>	<u>291,908</u>	<u>-</u>	<u>130,320,410</u>
Business-type activities capital assets, net	<u>\$ 134,259,796</u>	<u>\$ 2,129,583</u>	<u>\$ -</u>	<u>\$ 136,389,379</u>

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

Depreciation/amortization of governmental activities by function

General government	\$ 74,744
Public safety	1,008,928
Public works	9,552,661
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>4,929,286</u>

Total depreciation/amortization expense - governmental activities \$ 15,565,619

Depreciation of business-type activities by function

Water and sewer	<u>\$ 4,983,199</u>
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CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

Construction Commitments

The City has active construction projects as of December 31, 2023. The projects include various road infrastructure improvements, water and sewer projects, drain and pathway improvements, and facility improvements. At year end, the City's commitments with contractors are as follows:

	Total Contract Amount	Remaining Commitment
Road improvements	\$ 6,031,521	\$ 1,473,459
Drain and pathway improvements	46,900	42,202
Fire department	1,889,759	1,889,759
Facility improvements	9,824,238	5,403,359
Fleet	219,743	219,743
Water and sewer infrastructure	8,595,767	412,123
	<u>\$ 26,607,928</u>	<u>\$ 9,440,645</u>

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - RARA				
Capital assets, not being depreciated -				
Land	\$ 280,000	\$ -	\$ -	\$ 280,000
Capital assets, being depreciated:				
Buildings	1,166,502	-	-	1,166,502
Building improvements	2,180,603	157,146	-	2,337,749
Land improvements	57,515	2,860	-	60,375
Machinery and equipment	393,062	39,083	-	432,145
Office equipment and furniture	111,301	15,516	-	126,817
	<u>3,908,983</u>	<u>214,605</u>	<u>-</u>	<u>4,123,588</u>
Less accumulated depreciation for:				
Buildings	(612,413)	(58,325)	-	(670,738)
Building improvements	(784,076)	(136,991)	-	(921,067)
Land improvements	(21,782)	(4,801)	-	(26,583)
Machinery and equipment	(315,002)	(17,303)	-	(332,305)
Office equipment and furniture	(95,838)	(8,212)	-	(104,050)
	<u>(1,829,111)</u>	<u>(225,632)</u>	<u>-</u>	<u>(2,054,743)</u>
Total capital assets being depreciated, net	<u>2,079,872</u>	<u>(11,027)</u>	<u>-</u>	<u>2,068,845</u>
Component unit - RARA capital assets, net	<u>\$ 2,359,872</u>	<u>\$ (11,027)</u>	<u>\$ -</u>	<u>\$ 2,348,845</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Older Persons' Commission				
Capital assets, not being depreciated -				
Land	\$ 3,090,244	\$ -	\$ -	\$ 3,090,244
Capital assets, being depreciated:				
Buildings and improvements	14,544,821	774,948	-	15,319,769
Machinery and equipment	769,718	43,179	(14,255)	798,642
Vehicles	871,732	275,834	(734,754)	412,812
Land improvements	1,057,248	-	-	1,057,248
	<u>17,243,519</u>	<u>1,093,961</u>	<u>(749,009)</u>	<u>17,588,471</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,738,545)	(326,633)	-	(6,065,178)
Machinery and equipment	(384,323)	(37,512)	14,255	(407,580)
Vehicles	(826,859)	(30,995)	734,754	(123,100)
Land improvements	(564,912)	(35,242)	-	(600,154)
	<u>(7,514,639)</u>	<u>(430,382)</u>	<u>749,009</u>	<u>(7,196,012)</u>
Total capital assets being depreciated, net	<u>9,728,880</u>	<u>663,579</u>	<u>-</u>	<u>10,392,459</u>
Component unit - Older Persons' Commission capital assets, net	<u>\$ 12,819,124</u>	<u>\$ 663,579</u>	<u>\$ -</u>	<u>\$ 13,482,703</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

10. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

The City issues bonds to provide for the acquisition and construction of major capital facilities and infrastructure. 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 City. Bond and contractual obligation activity and other long-term liabilities can be summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Notes from direct borrowings and direct placements	\$ 655,000	\$ -	\$ (210,000)	\$ 445,000	\$ 220,000
Subscription liabilities (Note 12)	-	895,389	(122,246)	773,143	215,981
Unamortized premium	420	-	(140)	280	140
Compensated absences	2,027,630	1,849,881	(1,885,506)	1,992,005	1,992,005
Total governmental activities	\$ 2,683,050	\$ 2,745,270	\$ (2,217,892)	\$ 3,210,428	\$ 2,428,126
Business-type Activities					
Notes from direct borrowings and direct placements	\$ 11,236,450	\$ -	\$ (908,093)	\$ 10,328,357	\$ 929,691
Compensated absences	343,627	408,017	(394,850)	356,794	356,794
Total business-type activities	\$ 11,580,077	\$ 408,017	\$ (1,302,943)	\$ 10,685,151	\$ 1,286,485
Component Unit - Older Persons' Commission					
Compensated absences	\$ 81,938	\$ -	\$ (5,453)	\$ 76,485	\$ 61,952

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$195,636 of internal service funds compensated absences is included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

	Interest Rate	Year of Maturity	Original Amount	Outstanding Principal
Governmental activities - contractual obligations				
Rewold Drain Refunding Bonds	2.00 - 2.25%	2025	\$ 2,235,000	<u>\$ 445,000</u>
Business-type activities - contractual obligations				
Oakland-Macomb Interceptor Drain				
Drainage District:				
Drain Bonds Series 2010A	2.50%	2031	\$ 3,372,305	\$ 1,553,852
Drain Bonds Series 2011	2.50%	2033	4,053,689	2,275,337
Drain Bonds Series 2013	2.00%	2034	8,845,714	5,294,664
Drain Bonds Series 2014A	2.00 - 3.125%	2034	1,293,344	799,067
Drain Bonds Series 2019	1.85%	2030	583,260	405,437
				<u>\$ 10,328,357</u>

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Notes from Direct Borrowings and Direct Placements		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 220,000	\$ 7,400	\$ 929,691	\$ 229,884
2025	225,000	2,531	950,858	209,386
2026	-	-	975,067	187,789
2027	-	-	997,704	165,635
2028	-	-	1,020,875	142,953
2029-2033	-	-	4,838,969	371,604
2034	-	-	615,193	13,260
	<u>\$ 445,000</u>	<u>\$ 9,931</u>	<u>\$ 10,328,357</u>	<u>\$ 1,320,511</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

OMID was also approved for loans from the Michigan State Revolving Fund (SRF) (OMID Series 2010A \$26 million, OMID Series 2011 \$25 million, OMID Series 2013 \$65 million, OMID Series 2014A \$20 million, and State of Michigan SAW \$10 million). No SRF draws were required for 2023.

Future Revenues Pledged for Debt Payment

County Contractual Obligations - Governmental Activities - The above contractual obligations to the County are the result of the County issuance of bonds on the City's behalf. The City has pledged to raise property taxes, to the extent permitted by law, if necessary, to fund the obligation to repay the County. Proceeds from the County bonds provided financing for the construction of drains and facilities. The remaining principal and interest to be paid on the bonds is \$454,931 and is payable through April 2025. During the current year, net revenue generated by property tax millages was \$136,986 compared to the annual debt requirements of \$221,837 with the difference coming from fund balance.

County Contractual Obligations - Business-type Activities - The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the County for the above water and sewer obligations. Proceeds from the bonds provided financing for the extension of water and sewer mains and facilities. The bonds are payable from the net revenues of the water and sewer system. The remaining principal and interest to be paid on bonds totaled \$11,648,868 and is payable through October 2034. During the year, the net operating income of the system was approximately \$4,881,310 compared to the annual debt requirements of \$1,158,005.

Legal Debt Limit

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current legal debt limitation for the City is \$514,681,723 (10 percent of \$5,146,817,230 assessed valuation). The City's total debt subject to the 10 percent legal limit amounts to \$11,546,780 or 2.2 percent.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

11. LEASES

Lessor - The City is involved in three agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended December 31, 2023 was \$211,265.

Asset Type	Remaining Term of Agreements
Land and buildings	3 - 22 years

12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in one arrangement that qualifies as a long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of this arrangement. This arrangement qualifies as an intangible, right-to-use subscription asset as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3.8 percent based on the City's incremental borrowing rate.

The right-to-use asset and the related activity are included in Note 9, Capital Assets. The subscription liability and related activity are presented in Note 10, Bonds, Notes and Other Long-term Liabilities.

Asset Type	Remaining Term of Agreement
Subscription assets	4 years

The net present value of future minimum payments as of December 31, 2023, were as follows:

Year Ended December 31,	Principal	Interest
2024	\$ 215,981	\$ 25,711
2025	224,355	17,337
2026	233,054	8,638
2027	99,753	952
Total	\$ 773,143	\$ 52,638

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

13. RESTRICTED ASSETS

Restricted assets are comprised of the City's unspent portion of bond proceeds or advanced payments from the City that are held by Oakland County for the improvement of the water and sewer system in the amount of \$3,000,676. 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.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims and participates in the Michigan Municipal League risk pool program for workers' compensation claims and the Michigan Municipal Risk Management Authority risk pool for claims relating to general liability, motor vehicles, and comprehensive property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

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

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:

	2023	2022
Balance at the beginning of year	\$ 103,481	\$ 32,100
Current year claims and changes in estimates	47,758	146,292
Claims paid	<u>(49,886)</u>	<u>(74,911)</u>
Balance at end of year	<u>\$ 101,353</u>	<u>\$ 103,481</u>
Estimated liability for claims reported	\$ -	\$ 42,000
Estimated liability for claims reserve	86,353	46,481
Estimated liability for claims incurred but not reported	<u>15,000</u>	<u>15,000</u>
	<u>\$ 101,353</u>	<u>\$ 103,481</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

15. DEFINED CONTRIBUTION PENSION PLAN

The Rochester Hills Group Pension Plan, which is administered by the City, provides pension benefits for substantially all of its full-time employees, City Council members, and paid on-call firefighters through a defined contribution plan. As of year-end there were 243 active participants and 82 participants that were separated or retired, this totals to 325 participants in the pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment income. Employees over 18 years of age are eligible to participate after a six-month probationary period. As established by the pension contract, the City contributes 12 percent and 15 percent of employees' gross earnings, certain employee groups have an employee pretax mandatory contribution of 4 percent, and any participant can make contributions to the pension plan, up to applicable Internal Revenue Code limits. In accordance with these requirements, the City contributed \$3,173,243 during the current year, employees' mandatory contributions were \$861,766 and employee voluntary contributions were \$44,478. There were no forfeitures that reduced the City's pension contributions and there was no employer's liability outstanding as of December 31, 2023. The City's contributions for each employee (plus interest allocated to each employee's account) are fully vested after five years of continuous service.

16. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

The first or primary component, the Retiree Health Savings Plan (RHS Plan), a defined contribution plan, is available to all eligible employees after they have completed six months of full-time service with the City. As of year-end there were 231 active participants and 171 participants that were separated or retired, this totals 402 participants in the primary component of the RHS Plan. This component allows retirees to receive reimbursement of eligible healthcare expenses. The City contributes 4%, while the employees contribute 1%. These rates are approved by the City Council when union contracts are approved. The City contributed \$843,298 to the RHS Plan during 2023 and there were no forfeitures or outstanding liabilities at the end of 2023.

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

The second component, the Supplemental Benefit Plan, is a flat fixed dollar amount based on the years of service as of March 12, 2001. This is a closed program and is only available to employees who met certain criteria at March 12, 2001.

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

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

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

Employees Covered by Benefit Terms. At January 1, 2023 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	72
Active employees	<u>27</u>
Total membership	<u><u>99</u></u>

Significant Accounting Policies. The plan is included in the City's financial statements as the retiree healthcare benefit trust fund. A stand-alone financial report has not been issued. The Plan's financial statements are prepared using information as of December 31, 2023. The plan's financial statements include contributions received and benefits paid through that date. At December 31, 2023, there were no investments in any one organization in excess of five percent of net position available for benefits.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment income.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

Contributions. The City is responsible to fund the Retiree Healthcare Benefit Trust. When the Trust was created, the City contributed approximately \$2 million and historically made contributions per the actuarially determined contribution, however, the City has no obligation to make contributions in advance. The City made postemployment benefit payments to retiree plan members in the amount of \$183,052. The actuarially determined contribution (ADC), as reported in the required supplementary information, includes both a normal cost component and also annual amortization of past service costs related to the unfunded actuarial accrued liability, in compliance with Public Act 202 of 2017.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 14.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The City's net OPEB liability (asset) was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2023 (rolled forward to December 31, 2023, the measurement date).

Actuarial Assumptions. The total OPEB liability in the January 1, 2023 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age
Inflation	2.25%
Salary increases	2.50%
Investment rate of return	5.00%
Healthcare cost trend rate	n/a
Mortality rates	PubG-2010 Improved Generationally using MP-2019 Improvement Rates, weighted per MERS Experience Study dated February 14, 2020

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Equities	55.00%	5.00%	2.75%
Fixed income	45.00%	5.00%	2.25%
	<u>100.00%</u>		<u>5.00%</u>

Discount Rate. The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at December 31, 2022	\$ 2,088,505	\$ 1,974,462	\$ 114,043
Changes for the year:			
Service cost	7,075	-	7,075
Interest on total OPEB liability	99,157	-	99,157
Differences between expected and actual experience	(27,682)	-	(27,682)
Employer contributions	-	75,110	(75,110)
Net investment income	-	264,788	(264,788)
Benefit payments	(183,052)	(183,052)	-
Administrative expense	-	(13,355)	13,355
Net changes	(104,502)	143,491	(247,993)
Balances at December 31, 2023	\$ 1,984,003	\$ 2,117,953	\$ (133,950)

The plan fiduciary net position as a percentage of the total OPEB liability is 106.75%.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 5.00%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower (4.00%) or 1% higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
City's net OPEB asset	\$ (24,608)	\$ (133,950)	\$ (233,604)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate Assumption. The healthcare cost trends are not applicable to the Plan. The City does not pay for retiree healthcare premiums. They City reimburses a retiree a fixed dollar amount for premiums that the retiree has paid.

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the statement of changes in fiduciary net position.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

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

For the year ended December 31, 2023, the City recognized OPEB income of \$8,244. At December 31, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual income on OPEB plan investments	\$ <u>124,892</u>

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

Year Ended December 31,	Amount Amount
2024	\$ 44,212
2025	48,709
2026	65,814
2027	<u>(33,843)</u>
Total	\$ <u>124,892</u>

Payable to the OPEB Plan. At December 31, 2023, the City had no amount payable to the OPEB plan.

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2023, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 77,409,544	\$ 6,068,969	\$ 3,370,244
Capital assets being depreciated/amortized, net	169,165,474	130,320,410	12,461,304
	<u>246,575,018</u>	<u>136,389,379</u>	<u>15,831,548</u>
Related debt:			
Contractual obligations	445,000	10,328,357	-
Subscription liabilities	773,143	-	-
Bond premium	280	-	-
Construction related payables	272,221	175,591	-
	<u>1,490,644</u>	<u>10,503,948</u>	<u>-</u>
Net investment in capital assets	\$ <u>245,084,374</u>	\$ <u>125,885,431</u>	\$ <u>15,831,548</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

18. TAX ABATEMENTS

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

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

As of December 31, 2023, the City's property tax revenue were reduced by \$87,803 under these programs.

19. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.038% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$108,635 and \$25,269 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan and Teva, and the associated state-subdivision agreement was finalized in 2023. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$100,094. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2023 is \$170,547.

20. RESTATEMENT

Beginning fund balance of the general fund and net position of governmental activities was increased by \$2,067,251 to correct an error related to recognition of permit revenue.

CITY OF ROCHESTER HILLS, MICHIGAN

Notes to Financial Statements

21. FUND BALANCES

Following is a summary of the composition of fund balances as of December 31, 2023:

	General	Major Streets	Local Streets	Fire	Special Police Protection	Fire Capital	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Inventory and prepaid items	\$ 304,184	\$ 3,108	\$ 188,290	\$ 66,544	\$ -	\$ 23,835	\$ 114,462	\$ 700,423
Permanent fund principal	-	-	-	-	-	-	7,146,944	7,146,944
	<u>304,184</u>	<u>3,108</u>	<u>188,290</u>	<u>66,544</u>	<u>-</u>	<u>23,835</u>	<u>7,261,406</u>	<u>7,847,367</u>
Restricted for:								
Road construction and maintenance	-	11,463,265	6,034,649	-	-	-	-	17,497,914
Fire service	-	-	-	4,132,781	-	-	-	4,132,781
Police protection	-	-	-	-	4,129,284	-	-	4,129,284
Park facilities	-	-	-	-	-	-	18,129	18,129
Pathway operation and maintenance	-	-	-	-	-	-	120,234	120,234
Tree conservation and maintenance	-	-	-	-	-	-	1,327,973	1,327,973
Green space preservation	-	-	-	-	-	-	150,722	150,722
EGLE	-	-	-	-	-	-	77,232	77,232
Debt service	-	-	-	-	-	-	176,901	176,901
Pathway construction	-	-	-	-	-	-	2,307,868	2,307,868
Trusts	-	-	-	-	-	-	1,761,253	1,761,253
	<u>-</u>	<u>11,463,265</u>	<u>6,034,649</u>	<u>4,132,781</u>	<u>4,129,284</u>	<u>-</u>	<u>5,940,312</u>	<u>31,700,291</u>
Committed:								
Budget stabilization	1,000,000	-	-	-	-	-	-	1,000,000
Public improvements	-	-	-	-	-	-	272,786	272,786
Fire vehicles and equipment	-	-	-	-	-	17,114,223	-	17,114,223
	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,114,223</u>	<u>272,786</u>	<u>18,387,009</u>
Assigned:								
Capital projects	-	-	-	-	-	-	16,781,230	16,781,230
General government	-	-	-	-	-	-	3,405	3,405
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,784,635</u>	<u>16,784,635</u>
Unassigned								
	<u>24,480,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,480,336</u>
Total fund balances	<u>\$ 25,784,520</u>	<u>\$ 11,466,373</u>	<u>\$ 6,222,939</u>	<u>\$ 4,199,325</u>	<u>\$ 4,129,284</u>	<u>\$ 17,138,058</u>	<u>\$ 30,259,139</u>	<u>\$ 99,199,638</u>



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCHESTER HILLS, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

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

	Fiscal Year Ended December 31,		
	2023	2022	2021
Total OPEB liability			
Service cost	\$ 7,075	\$ 12,577	\$ 11,978
Interest on total OPEB liability	99,157	99,075	103,241
Changes in benefit terms	-	80,899	-
Difference between expected and actual experience	(27,682)	(5,477)	(35,487)
Changes in assumptions	-	-	-
Benefit payments	(183,052)	(181,405)	(158,904)
Net change in total OPEB liability	<u>(104,502)</u>	<u>5,669</u>	<u>(79,172)</u>
Total OPEB liability, beginning of year	<u>2,088,505</u>	<u>2,082,836</u>	<u>2,162,008</u>
Total OPEB liability, end of year	<u>1,984,003</u>	<u>2,088,505</u>	<u>2,082,836</u>
Plan fiduciary net position			
Employer contributions	75,110	75,110	218,130
Net investment income (loss)	264,788	(375,013)	197,896
Benefit payments	(183,052)	(181,405)	(158,904)
Administrative expense	(13,355)	(9,441)	(18,618)
Other	-	1	(308)
Net change in plan fiduciary net position	<u>143,491</u>	<u>(490,748)</u>	<u>238,196</u>
Plan fiduciary net position, beginning of year	<u>1,974,462</u>	<u>2,465,210</u>	<u>2,227,014</u>
Plan fiduciary net position, end of year	<u>2,117,953</u>	<u>1,974,462</u>	<u>2,465,210</u>
Net OPEB liability (asset)	<u>\$ (133,950)</u>	<u>\$ 114,043</u>	<u>\$ (382,374)</u>
Plan fiduciary net position as a percentage of total OPEB liability	106.75%	94.54%	118.36%
Covered-employee payroll	\$ 21,300,518	\$ 20,324,375	\$ 19,063,880
Net OPEB liability (asset) as a percentage of covered-employee payroll	-0.63%	0.56%	-2.01%

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

Changes in assumptions. In 2018, 2019, and 2020, amounts reported as changes in assumptions resulted primarily from a change in the discount rate.



Fiscal Year Ended December 31,			
2020	2019	2018	2017
\$ 2,303	\$ 3,804	\$ 3,262	\$ 3,349
110,608	108,711	117,707	102,677
-	-	-	-
(112,574)	(64,894)	-	10,148
(9,462)	(56,647)	349,701	-
(147,580)	(135,994)	(131,552)	(136,717)
(156,705)	(145,020)	339,118	(20,543)
<u>2,318,713</u>	<u>2,463,733</u>	<u>2,124,615</u>	<u>2,145,158</u>
<u>2,162,008</u>	<u>2,318,713</u>	<u>2,463,733</u>	<u>2,124,615</u>
75,110	75,110	-	-
129,620	338,189	(88,657)	278,839
(147,580)	(135,994)	(131,552)	(136,717)
(17,827)	(21,987)	(25,235)	-
-	12,008	10	-
<u>39,323</u>	<u>267,326</u>	<u>(245,434)</u>	<u>142,122</u>
<u>2,187,691</u>	<u>1,920,365</u>	<u>2,165,799</u>	<u>2,023,677</u>
<u>2,227,014</u>	<u>2,187,691</u>	<u>1,920,365</u>	<u>2,165,799</u>
<u>\$ (65,006)</u>	<u>\$ 131,022</u>	<u>\$ 543,368</u>	<u>\$ (41,184)</u>
103.01%	94.35%	77.95%	101.94%
\$ 18,142,589	\$ 17,116,176	\$ 16,391,372	\$ 15,444,492
-0.36%	0.77%	3.31%	-0.27%

CITY OF ROCHESTER HILLS, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Excess (Deficiency)	Covered-employee Payroll	Actual Contributions as Percentage of Covered-employee Payroll
2017	\$ 14,522	\$ -	\$ (14,522)	\$ 15,444,492	0.00%
2018	14,522	-	(14,522)	16,391,372	0.00%
2019	69,906	75,110	5,204	17,116,176	0.44%
2020	68,214	75,110	6,896	18,142,589	0.41%
2021	55,124	218,130	163,006	19,063,880	1.14%
2022	42,332	75,110	32,778	20,324,375	0.37%
2023	47,520	75,110	27,590	21,300,518	0.35%

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

Notes to Schedule of Contributions

Valuation Date January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	5 year smoothed market value
Inflation	2.25%
Investment rate of return	5.00%, net of OPEB plan investment expense, including inflation
Mortality	Municipal Employees' Retirement System Experience Study Report
Salary increases	n/a
Health care trend rates	n/a

Note: The City does not provide healthcare coverage, retirees have to purchase their own and the City reimburses retirees a fixed dollar amount. Contributions are not based on a measure of payroll.

CITY OF ROCHESTER HILLS, MICHIGAN

Required Supplementary Information Other Postemployment Benefits Plan

Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2017	14.55%
2018	-4.46%
2019	18.42%
2020	12.87%
2021	8.84%
2022	-16.13%
2023	14.23%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

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



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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ROCHESTER HILLS, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

Park Facilities Fund

Accounts for the special millage used primarily to maintain park facilities.

RARA Millage Fund

This fund accounts for the special millage for Rochester-Avon Recreation Authority (RARA) activities.

Pathway Fund

Accounts for the special millage used primarily to maintain pathways.

Tree Fund

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

Public Improvement Fund

Accounts for storm water / drainage improvements.

Older Persons' Millage Fund

Accounts for the special millage for the Older Persons' Commission activities.

Green Space Preservation Fund

Accounts for the special millage to permanently preserve natural green spaces and wildlife habitats, and protect woodlands, wetland, rivers, and streams.

EGLE Fund

Accounts for the grant funding received from the Michigan Department of Environment, Great Lakes, and Energy (EGLE).

ARPA Fund

Accounts for the grant funding received related to the American Rescue Plan Act.

CITY OF ROCHESTER HILLS, MICHIGAN

Nonmajor Governmental Funds

Debt Service Fund

Drain 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.

Capital Projects Funds

Pathway Construction Fund

Accounts for monies received from the special revenue pathway fund and private development to support major rehabilitation and construction of pedestrian pathway systems.

Capital Improvements 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.

Permanent Funds

Cemetery Trust Fund

Accounts for monies collected from sale of cemetery lots and spaces and interest earned to be used to manage and preserve in perpetuity assets for the purpose of providing for general care, maintenance and improvements of the Cemetery.

Green Space Preservation Trust

Accounts for the general care, maintenance, protection of, and to improve pedestrian accessibility to and within the green spaces properties owned, acquired or controlled by the City.

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2023

	Special Revenue Funds		
	Parks Facilities	RARA Millage	Pathway
Assets			
Cash and cash equivalents	\$ 388,239	\$ 411,480	\$ 516,209
Investments	-	-	-
Receivables:			
Taxes	350,281	389,468	370,939
Accounts	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	475
Total assets	<u>\$ 738,520</u>	<u>\$ 800,948</u>	<u>\$ 887,623</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 3,163
Accrued wages	-	-	873
Retainages payable	-	-	-
Accrued and other liabilities	33	-	35
Due to other funds	-	-	-
Total liabilities	<u>33</u>	<u>-</u>	<u>4,071</u>
Deferred inflows of resources			
Taxes levied for a subsequent period	720,358	800,948	762,843
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>720,358</u>	<u>800,948</u>	<u>762,843</u>
Fund balances			
Nonspendable	-	-	475
Restricted	18,129	-	120,234
Committed	-	-	-
Assigned	-	-	-
Total fund balances	<u>18,129</u>	<u>-</u>	<u>120,709</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 738,520</u>	<u>\$ 800,948</u>	<u>\$ 887,623</u>



Special Revenue Funds					
Tree	Public Improvement	Older Persons' Millage	Green Space Preservation	EGL	ARPA
\$ 664,626	\$ 281,237	\$ 707,826	\$ 172,701	\$ 93,560	\$ -
729,059	-	-	-	-	-
-	-	669,949	-	-	-
-	-	-	-	14,302	-
20,604	-	-	-	-	-
-	-	-	-	-	718,720
-	113,879	-	108	-	-
<u>\$ 1,414,289</u>	<u>\$ 395,116</u>	<u>\$ 1,377,775</u>	<u>\$ 172,809</u>	<u>\$ 107,862</u>	<u>\$ 718,720</u>
\$ 72,260	\$ 843	\$ -	\$ 21,678	\$ 16,328	\$ -
-	7,608	-	301	-	-
14,056	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	715,315
<u>86,316</u>	<u>8,451</u>	<u>-</u>	<u>21,979</u>	<u>16,328</u>	<u>715,315</u>
-	-	1,377,775	-	-	-
-	-	-	-	14,302	-
-	-	1,377,775	-	14,302	-
-	113,879	-	108	-	-
1,327,973	-	-	150,722	77,232	-
-	272,786	-	-	-	-
-	-	-	-	-	3,405
<u>1,327,973</u>	<u>386,665</u>	<u>-</u>	<u>150,830</u>	<u>77,232</u>	<u>3,405</u>
<u>\$ 1,414,289</u>	<u>\$ 395,116</u>	<u>\$ 1,377,775</u>	<u>\$ 172,809</u>	<u>\$ 107,862</u>	<u>\$ 718,720</u>

continued...

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2023

	Debt Service	Capital Projects	
	Drain	Pathway Construction	Capital Improvements
Assets			
Cash and cash equivalents	\$ 247,859	\$ 1,557,189	\$ 5,031,609
Investments	-	735,268	11,468,772
Receivables:			
Taxes	66,034	-	-
Accounts	-	-	-
Interest	-	20,109	280,849
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 313,893</u>	<u>\$ 2,312,566</u>	<u>\$ 16,781,230</u>
Liabilities			
Accounts payable	\$ -	\$ 4,698	\$ -
Accrued wages	-	-	-
Retainages payable	-	-	-
Accrued and other liabilities	6	-	-
Due to other funds	-	-	-
Total liabilities	<u>6</u>	<u>4,698</u>	<u>-</u>
Deferred inflows of resources			
Taxes levied for a subsequent period	136,986	-	-
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>136,986</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	176,901	2,307,868	-
Committed	-	-	-
Assigned	-	-	16,781,230
Total fund balances	<u>176,901</u>	<u>2,307,868</u>	<u>16,781,230</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 313,893</u>	<u>\$ 2,312,566</u>	<u>\$ 16,781,230</u>



Permanent		
Cemetery Trust	Green Space Preservation Trust	Total Nonmajor Governmental Funds
\$ 24,269	\$ -	\$ 10,096,804
2,824,406	6,059,522	21,817,027
-	-	1,846,671
-	-	14,302
-	-	321,562
-	-	718,720
-	-	114,462
<u>\$ 2,848,675</u>	<u>\$ 6,059,522</u>	<u>\$ 34,929,548</u>
\$ -	\$ -	\$ 118,970
-	-	8,782
-	-	14,056
-	-	74
-	-	715,315
-	-	857,197
-	-	3,798,910
-	-	14,302
-	-	3,813,212
1,446,944	5,700,000	7,261,406
1,401,731	359,522	5,940,312
-	-	272,786
-	-	16,784,635
<u>2,848,675</u>	<u>6,059,522</u>	<u>30,259,139</u>
<u>\$ 2,848,675</u>	<u>\$ 6,059,522</u>	<u>\$ 34,929,548</u>

concluded.

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2023

	Special Revenue Funds		
	Parks Facilities	RARA Millage	Pathway
Revenues			
Property taxes	\$ 672,457	\$ 747,715	\$ 712,144
State grants	-	17,498	16,662
Charges for services	-	-	16,118
Investment income	31,250	-	23,313
Refunds and other	-	-	-
Total revenues	<u>703,707</u>	<u>765,213</u>	<u>768,237</u>
Expenditures			
Current:			
Public works	-	-	418,473
Recreation and culture	133	765,213	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>133</u>	<u>765,213</u>	<u>418,473</u>
Revenues over (under) expenditures	<u>703,574</u>	<u>-</u>	<u>349,764</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(699,190)	-	(336,480)
Total other financing sources (uses)	<u>(699,190)</u>	<u>-</u>	<u>(336,480)</u>
Net change in fund balances	4,384	-	13,284
Fund balances, beginning of year	<u>13,745</u>	<u>-</u>	<u>107,425</u>
Fund balances, end of year	<u>\$ 18,129</u>	<u>\$ -</u>	<u>\$ 120,709</u>



Special Revenue Funds					
Tree	Public Improvement	Older Persons' Millage	Green Space Preservation	EGL	ARPA
\$ -	\$ -	\$ 1,669,202	\$ -	\$ -	\$ -
15,000	-	39,051	-	-	-
316,411	123,175	-	-	-	-
53,592	17,111	-	4,464	-	240,807
-	27,728	-	-	-	-
<u>385,003</u>	<u>168,014</u>	<u>1,708,253</u>	<u>4,464</u>	<u>-</u>	<u>240,807</u>
162,790	674,363	-	-	17,420	-
-	-	1,708,253	263,099	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	446,009	-	-
<u>162,790</u>	<u>674,363</u>	<u>1,708,253</u>	<u>709,108</u>	<u>17,420</u>	<u>-</u>
<u>222,213</u>	<u>(506,349)</u>	<u>-</u>	<u>(704,644)</u>	<u>(17,420)</u>	<u>240,807</u>
-	178,450	-	715,000	100,000	-
-	-	-	-	(5,348)	(338,475)
-	178,450	-	715,000	94,652	(338,475)
222,213	(327,899)	-	10,356	77,232	(97,668)
<u>1,105,760</u>	<u>714,564</u>	<u>-</u>	<u>140,474</u>	<u>-</u>	<u>101,073</u>
<u>\$ 1,327,973</u>	<u>\$ 386,665</u>	<u>\$ -</u>	<u>\$ 150,830</u>	<u>\$ 77,232</u>	<u>\$ 3,405</u>

continued...

CITY OF ROCHESTER HILLS, MICHIGAN

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

Nonmajor Governmental Funds

For the Year Ended December 31, 2023

	Debt Service		Capital Projects	
	Drain	Pathway Construction	Capital Improvements	
Revenues				
Property taxes	\$ 135,995	\$ -	\$ -	
State grants	6,863	-	-	
Charges for services	-	155	-	
Investment income	9,634	96,866	728,974	
Refunds and other	-	-	-	
Total revenues	<u>152,492</u>	<u>97,021</u>	<u>728,974</u>	
Expenditures				
Current:				
Public works	29	-	-	
Recreation and culture	-	-	-	
Debt service:				
Principal	210,000	-	-	
Interest and fiscal charges	12,087	-	-	
Capital outlay	-	238,547	14,055	
Total expenditures	<u>222,116</u>	<u>238,547</u>	<u>14,055</u>	
Revenues over (under) expenditures	<u>(69,624)</u>	<u>(141,526)</u>	<u>714,919</u>	
Other financing sources (uses)				
Transfers in	-	336,480	7,903,190	
Transfers out	-	-	(8,150,940)	
Total other financing sources (uses)	<u>-</u>	<u>336,480</u>	<u>(247,750)</u>	
Net change in fund balances	<u>(69,624)</u>	<u>194,954</u>	<u>467,169</u>	
Fund balances, beginning of year	<u>246,525</u>	<u>2,112,914</u>	<u>16,314,061</u>	
Fund balances, end of year	<u>\$ 176,901</u>	<u>\$ 2,307,868</u>	<u>\$ 16,781,230</u>	



Permanent		
Cemetery Trust	Green Space Preservation Trust	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 3,937,513
-	-	95,074
179,434	-	635,293
328,209	819,419	2,353,639
-	-	27,728
<u>507,643</u>	<u>819,419</u>	<u>7,049,247</u>
-	-	1,273,075
3,929	9,964	2,750,591
-	-	210,000
-	-	12,087
-	-	698,611
<u>3,929</u>	<u>9,964</u>	<u>4,944,364</u>
<u>503,714</u>	<u>809,455</u>	<u>2,104,883</u>
-	-	9,233,120
-	(715,000)	(10,245,433)
-	(715,000)	(1,012,313)
503,714	94,455	1,092,570
<u>2,344,961</u>	<u>5,965,067</u>	<u>29,166,569</u>
<u>\$ 2,848,675</u>	<u>\$ 6,059,522</u>	<u>\$ 30,259,139</u>

concluded.

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Parks Facilities Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 678,810	\$ 672,280	\$ 672,457	\$ 177
Investment income	-	30,000	31,250	1,250
Total revenues	678,810	702,280	703,707	1,427
Expenditures				
Current -				
Recreation and culture	-	-	133	133
Revenues over expenditures	678,810	702,280	703,574	1,294
Other financing uses				
Transfers out	(680,000)	(699,190)	(699,190)	-
Net change in fund balance	(1,190)	3,090	4,384	1,294
Fund balance, beginning of year	13,745	13,745	13,745	-
Fund balance, end of year	\$ 12,555	\$ 16,835	\$ 18,129	\$ 1,294

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - RARA Millage Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 754,760	\$ 747,510	\$ 747,715	\$ 205
State grants	7,090	17,490	17,498	8
Total revenues	761,850	765,000	765,213	213
Expenditures				
Current -				
Recreation and culture	761,850	765,000	765,213	213
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Pathway Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 718,870	\$ 711,870	\$ 712,144	\$ 274
State grants	6,750	16,660	16,662	2
Charges for services	7,000	14,300	16,118	1,818
Investment income	4,570	24,000	23,313	(687)
Total revenues	737,190	766,830	768,237	1,407
Expenditures				
Current - Public works	388,390	429,150	418,473	(10,677)
Revenues over expenditures	348,800	337,680	349,764	12,084
Other financing uses				
Transfers out	(345,480)	(336,480)	(336,480)	-
Net change in fund balance	3,320	1,200	13,284	12,084
Fund balance, beginning of year	107,425	107,425	107,425	-
Fund balance, end of year	<u>\$ 110,745</u>	<u>\$ 108,625</u>	<u>\$ 120,709</u>	<u>\$ 12,084</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Tree Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ -	\$ 15,000	\$ 15,000	\$ -
Charges for services	50,000	311,890	316,411	4,521
Investment income	11,110	51,000	53,592	2,592
Total revenues	61,110	377,890	385,003	7,113
Expenditures				
Current - Public works	169,000	159,000	162,790	3,790
Net change in fund balance	(107,890)	218,890	222,213	3,323
Fund balance, beginning of year	1,105,760	1,105,760	1,105,760	-
Fund balance, end of year	\$ 997,870	\$ 1,324,650	\$ 1,327,973	\$ 3,323

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Public Improvement Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 500	\$ -	\$ -	\$ -
Charges for services	133,000	82,580	123,175	40,595
Investment income	6,500	18,000	17,111	(889)
Refunds and other	13,000	27,640	27,728	88
Total revenues	153,000	128,220	168,014	39,794
Expenditures				
Current - Public works	1,033,570	771,230	674,363	(96,867)
Revenues under expenditures	(880,570)	(643,010)	(506,349)	136,661
Other financing sources				
Transfers in	480,520	178,450	178,450	-
Net change in fund balance	(400,050)	(464,560)	(327,899)	136,661
Fund balance, beginning of year	714,564	714,564	714,564	-
Fund balance, end of year	<u>\$ 314,514</u>	<u>\$ 250,004</u>	<u>\$ 386,665</u>	<u>\$ 136,661</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Older Persons' Millage Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,684,930	\$ 1,668,940	\$ 1,669,202	\$ 262
State grants	15,820	39,050	39,051	1
Total revenues	1,700,750	1,707,990	1,708,253	263
Expenditures				
Current -				
Recreation and culture	1,700,750	1,707,990	1,708,253	263
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Green Space Preservation Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ 800	\$ 5,000	\$ 4,464	\$ (536)
Expenditures				
Current -				
Recreation and culture	372,030	312,130	263,099	(49,031)
Capital outlay	-	440,000	446,009	6,009
Total expenditures	<u>372,030</u>	<u>752,130</u>	<u>709,108</u>	<u>(43,022)</u>
Revenues under expenditures	(371,230)	(747,130)	(704,644)	42,486
Other financing sources				
Transfers in	<u>384,220</u>	<u>760,560</u>	<u>715,000</u>	<u>(45,560)</u>
Net change in fund balance	12,990	13,430	10,356	(3,074)
Fund balance, beginning of year	<u>140,474</u>	<u>140,474</u>	<u>140,474</u>	<u>-</u>
Fund balance, end of year	<u>\$ 153,464</u>	<u>\$ 153,904</u>	<u>\$ 150,830</u>	<u>\$ (3,074)</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - EGLE Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ -	\$ 60,000	\$ -	\$ (60,000)
Expenditures				
Current -				
Public works	-	50,000	17,420	(32,580)
Revenues over (under) expenditures	-	10,000	(17,420)	(27,420)
Other financing sources (uses)				
Transfers in	-	100,000	100,000	-
Transfers out	-	(10,000)	(5,348)	(4,652)
Total other financing sources	-	90,000	94,652	4,652
Net change in fund balance	-	100,000	77,232	(22,768)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 77,232</u>	<u>\$ (22,768)</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - ARPA Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 3,097,490	\$ 6,146,430	\$ -	\$ (6,146,430)
Investment income	-	240,800	240,807	7
Total revenues	3,097,490	6,387,230	240,807	(6,146,423)
Other financing uses				
Transfers out	(4,755,460)	(6,488,480)	(338,475)	(6,150,005)
Net change in fund balance	(1,657,970)	(101,250)	(97,668)	3,582
Fund balance, beginning of year	101,073	101,073	101,073	-
Fund balance, end of year	<u>\$ (1,556,897)</u>	<u>\$ (177)</u>	<u>\$ 3,405</u>	<u>\$ 3,582</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Internal Service Funds

Facilities 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

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

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

Accounts for the City's self-insured premium payments for general liability, fleet, and property insurance. Recorded in this fund are the reserves and estimated IBNR liability.

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2023

	Facilities	Management Information Systems	Fleet Equipment	Insurance	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 7,773,727	\$ 1,631,621	\$ 3,396,977	\$ 380,834	\$ 13,183,159
Investments	6,010,131	2,173,425	3,866,114	191,999	12,241,669
Receivables:					
Accounts	-	28,873	33,541	-	62,414
Due from other governments	300,000	-	-	-	300,000
Interest receivable	140,631	68,225	74,718	-	283,574
Leases receivable	55,661	-	-	-	55,661
Due from other funds	462,673	-	-	-	462,673
Prepaid items	5,955	61,226	4,711	112,456	184,348
Total current assets	14,748,778	3,963,370	7,376,061	685,289	26,773,498
Noncurrent assets:					
Capital assets not being depreciated	21,607,961	-	-	-	21,607,961
Capital assets being depreciated/amortized, net	45,176,458	1,107,971	5,946,398	-	52,230,827
Total noncurrent assets	66,784,419	1,107,971	5,946,398	-	73,838,788
Total assets	81,533,197	5,071,341	13,322,459	685,289	100,612,286
Liabilities					
Current liabilities:					
Accounts payable	861,624	20,127	92,355	-	974,106
Accrued wages	34,241	32,822	30,647	-	97,710
Retainages payable	228,165	-	-	-	228,165
Accrued and other liabilities	-	-	-	101,353	101,353
Other long-term liabilities, current	-	215,981	-	-	215,981
Compensated absences, current	100,511	57,000	38,125	-	195,636
Total current liabilities	1,224,541	325,930	161,127	101,353	1,812,951
Noncurrent liabilities -					
Other long-term liabilities	-	557,162	-	-	557,162
Total liabilities	1,224,541	883,092	161,127	101,353	2,370,113
Deferred inflows of resources					
Deferred lease amounts	55,661	-	-	-	55,661
Net position					
Net investment in capital assets	66,784,419	334,828	5,946,398	-	73,065,645
Unrestricted	13,468,576	3,853,421	7,214,934	583,936	25,120,867
Total net position	\$ 80,252,995	\$ 4,188,249	\$ 13,161,332	\$ 583,936	\$ 98,186,512

CITY OF ROCHESTER HILLS, MICHIGAN

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

Internal Service Funds

For the Year Ended December 31, 2023

	Facilities	Management Information Systems	Fleet Equipment	Insurance	Total
Operating revenues					
Charges for services	\$ 3,689,025	\$ 2,307,178	\$ 2,967,706	\$ 240,970	\$ 9,204,879
Other	10,206	5	9,382	186,032	205,625
Total operating revenues	3,699,231	2,307,183	2,977,088	427,002	9,410,504
Operating expenses					
Salaries and benefits	1,176,923	961,851	911,792	-	3,050,566
Professional services	1,043,722	721,652	622,149	261,945	2,649,468
Utilities	1,012,978	-	-	-	1,012,978
Materials and supplies	259,256	98,598	32,525	-	390,379
Repairs and maintenance	516,455	467,727	668,133	-	1,652,315
Rentals	5,158	-	3,622	-	8,780
Depreciation/amortization	3,423,003	315,195	1,191,088	-	4,929,286
Total operating expenses	7,437,495	2,565,023	3,429,309	261,945	13,693,772
Operating income (loss)	(3,738,264)	(257,840)	(452,221)	165,057	(4,283,268)
Nonoperating revenues (expenses)					
Federal grants	3,217,849	-	-	-	3,217,849
Investment income	556,140	170,700	321,714	24,495	1,073,049
Gain on sale of capital assets	735	110	360,451	-	361,296
Total nonoperating revenue (expenses)	3,774,724	170,810	682,165	24,495	4,652,194
Income (loss) before capital contributions and transfers	36,460	(87,030)	229,944	189,552	368,926
Capital contributions	1,184,067	28,873	20,000	-	1,232,940
Transfers in	9,403,420	-	-	-	9,403,420
Change in net position	10,623,947	(58,157)	249,944	189,552	11,005,286
Net position, beginning of year	69,629,048	4,246,406	12,911,388	394,384	87,181,226
Net position, end of year	\$ 80,252,995	\$ 4,188,249	\$ 13,161,332	\$ 583,936	\$ 98,186,512

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2023

	Facilities	Management Information Systems	Fleet Equipment	Insurance	Total
Cash flows from operating activities					
Internal activity - receipts from other funds	\$ 3,226,352	\$ 2,278,305	\$ 2,940,764	\$ 240,970	\$ 8,686,391
Other operating receipts	10,206	5	9,382	186,032	205,625
Payments to vendors	(3,383,729)	(1,349,897)	(1,470,778)	(153,025)	(6,357,429)
Payments to employees	(1,178,787)	(986,696)	(904,831)	-	(3,070,314)
Net cash provided by (used in) operating activities	<u>(1,325,958)</u>	<u>(58,283)</u>	<u>574,537</u>	<u>273,977</u>	<u>(535,727)</u>
Cash flows from noncapital financing activities					
Federal grants	3,109,334	-	-	-	3,109,334
Transfers in	9,403,420	-	-	-	9,403,420
Net cash provided by noncapital financing activities	<u>12,512,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,512,754</u>
Cash flows from capital and related financing activities					
Capital contributions	1,184,067	28,873	20,000	-	1,232,940
Purchase of capital assets	(10,798,979)	(218,938)	(1,962,590)	-	(12,980,507)
Principal paid on other long-term liabilities	-	(122,246)	-	-	(122,246)
Proceeds from sale of capital assets	735	110	360,451	-	361,296
Net cash used in capital and related financing activities	<u>(9,614,177)</u>	<u>(312,201)</u>	<u>(1,582,139)</u>	<u>-</u>	<u>(11,508,517)</u>
Net cash from investing activities					
Proceeds from sale and maturities of investments	-	-	495,005	-	495,005
Purchase of investments	(3,335,262)	(16,324)	-	(191,999)	(3,543,585)
Interest and dividends on investments	428,547	120,876	284,060	24,495	857,978
Net cash provided by (used) in investing activities	<u>(2,906,715)</u>	<u>104,552</u>	<u>779,065</u>	<u>(167,504)</u>	<u>(2,190,602)</u>
Net change in cash and investments	<u>(1,334,096)</u>	<u>(265,932)</u>	<u>(228,537)</u>	<u>106,473</u>	<u>(1,722,092)</u>
Cash and cash equivalent balances, beginning of year	9,107,823	1,897,553	3,625,514	274,361	14,905,251
Cash and cash equivalent balances, end of year	<u>\$ 7,773,727</u>	<u>\$ 1,631,621</u>	<u>\$ 3,396,977</u>	<u>\$ 380,834</u>	<u>\$ 13,183,159</u>

continued...

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2023

	Facilities	Management Information Systems	Fleet Equipment	Insurance	Total
Reconciliation of operating income (loss) to net cash provided by (used in)					
operating activities:					
Operating income (loss)	\$ (3,738,264)	\$ (257,840)	\$ (452,221)	\$ 165,057	\$ (4,283,268)
Adjustments to reconcile operating income (loss) to net cash provided by (used in)					
operating activities:					
Depreciation/amortization	3,423,003	315,195	1,191,088	-	4,929,286
Changes in assets and liabilities:					
Receivables:					
Accounts	-	(28,873)	(26,942)	-	(55,815)
Leases	20,507	-	-	-	20,507
Due from other funds	(462,673)	-	-	-	(462,673)
Prepaid items	(2,892)	(60,503)	6,556	157,648	100,809
Accounts payable	(543,268)	(1,417)	(150,905)	-	(695,590)
Accrued wages	1,886	319	19	-	2,224
Accrued and other liabilities	-	-	-	(48,728)	(48,728)
Compensated absences	(3,750)	(25,164)	6,942	-	(21,972)
Deferred lease amounts	(20,507)	-	-	-	(20,507)
Net cash provided by (used in) operating activities	\$ (1,325,958)	\$ (58,283)	\$ 574,537	\$ 273,977	\$ (535,727)
Noncash capital financing activities					
Change in retainage payable related to capital asset additions	\$ (142,174)	\$ -	\$ -	\$ -	\$ (142,174)
Addition of subscription assets	-	(895,389)	-	-	(895,389)
Addition of subscription liabilities	-	895,389	-	-	895,389
Total noncash capital financing activities	\$ (142,174)	\$ -	\$ -	\$ -	\$ (142,174)

concluded.



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CITY OF ROCHESTER HILLS, MICHIGAN

Custodial Funds

General Custodial Fund

Accounts for the collection of licensing and trailer taxes on behalf of other governmental agencies.

Tax Collection Fund

Accounts for the collection and disbursement of taxes on behalf of other taxing authorities.

North Oakland County Water Authority

Accounts for resources to purchase water for four local governmental communities.

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2023

	General Custodial	Tax Collection	North Oakland County Water Authority	Total
Assets				
Cash and cash equivalents	\$ 4,731	\$ 8,791,389	\$ 4,550,370	\$ 13,346,490
Receivables	-	-	3,140,050	3,140,050
Total assets	4,731	8,791,389	7,690,420	16,486,540
Liabilities				
Due to other governments	4,731	8,791,389	7,559,570	16,355,690
Net position				
Restricted for individuals, organizations, and other governments	\$ -	\$ -	\$ 130,850	\$ 130,850

CITY OF ROCHESTER HILLS, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2023

	General Custodial	Tax Collection	North Oakland County Water Authority	Total
Additions				
Interest, dividends and other	\$ -	\$ -	\$ 161,397	\$ 161,397
Member contributions	-	-	24,333,640	24,333,640
Taxes collected for other governments	137,955	110,930,044	-	111,067,999
Other additions	28,122	-	-	28,122
Total additions	<u>166,077</u>	<u>110,930,044</u>	<u>24,495,037</u>	<u>135,591,158</u>
Deductions				
Professional services	-	-	66,173	66,173
Water purchases	-	-	24,362,789	24,362,789
Payments of taxes to other governments	137,955	110,930,044	-	111,067,999
Payments to other organizations	28,122	-	-	28,122
Total deductions	<u>166,077</u>	<u>110,930,044</u>	<u>24,428,962</u>	<u>135,525,083</u>
Change in net position	-	-	66,075	66,075
Net position, beginning of year	-	-	64,775	64,775
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,850</u>	<u>\$ 130,850</u>



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STATISTICAL SECTION



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CITY OF ROCHESTER HILLS, MICHIGAN

Statistical Section Table of Contents

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	134
Revenue Capacity Information	These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	142
Debt Capacity Information	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.	148
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	156
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	161

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

CITY OF ROCHESTER HILLS, MICHIGAN

Financial Trends

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended December 31,			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 155,196,747	\$ 166,817,146	\$ 177,708,691	\$ 184,459,969
Restricted	48,467,412	46,692,160	44,123,537	45,526,396
Unrestricted	47,770,506	47,488,531	45,331,918	47,761,149
Total governmental activities net position	<u>251,434,665</u>	<u>260,997,837</u>	<u>267,164,146</u>	<u>277,747,514</u>
Business-type activities:				
Net investment in capital assets	99,934,224	105,882,742	101,078,584	107,947,768
Restricted	-	-	-	-
Unrestricted	46,634,950	42,945,236	51,454,349	48,934,910
Total business-type activities net position	<u>146,569,174</u>	<u>148,827,978</u>	<u>152,532,933</u>	<u>156,882,678</u>
Primary government:				
Net investment in capital assets	255,130,971	272,699,888	278,787,275	292,407,737
Restricted	48,467,412	46,692,160	44,123,537	45,526,396
Unrestricted (deficit)	94,405,456	90,433,767	96,786,267	96,696,059
Total primary government net position	<u>\$ 398,003,839</u>	<u>\$ 409,825,815</u>	<u>\$ 419,697,079</u>	<u>\$ 434,630,192</u>

* In 2023, restricted net position/fund balance related to the fire capital capital projects fund was reclassified to unrestricted/committed. The 2022 balances were reclassified for comparison purposes.

Fiscal Year Ended December 31,					
2018	2019	2020	2021	2022*	2023
\$ 195,331,781	\$ 211,153,977	\$ 218,112,676	\$ 227,899,053	\$ 238,219,453	\$ 245,084,374
50,588,307	50,607,434	53,386,545	52,815,733	34,625,718	39,743,810
47,598,858	49,503,641	53,625,447	54,600,215	72,830,228	83,759,950
<u>293,518,946</u>	<u>311,265,052</u>	<u>325,124,668</u>	<u>335,315,001</u>	<u>345,675,399</u>	<u>368,588,134</u>
108,318,647	106,170,218	107,229,739	121,604,540	124,082,017	125,885,431
-	-	-	-	2,629,264	3,050,238
52,675,843	56,787,054	61,017,893	49,723,985	47,844,194	49,384,233
<u>160,994,490</u>	<u>162,957,272</u>	<u>168,247,632</u>	<u>171,328,525</u>	<u>174,555,475</u>	<u>178,319,902</u>
303,650,428	317,324,195	325,342,415	349,503,593	362,301,470	370,969,805
50,588,307	50,607,434	53,386,545	52,815,733	37,254,982	42,794,048
100,274,701	106,290,695	114,643,340	104,324,200	120,674,422	133,144,183
<u>\$ 454,513,436</u>	<u>\$ 474,222,324</u>	<u>\$ 493,372,300</u>	<u>\$ 506,643,526</u>	<u>\$ 520,230,874</u>	<u>\$ 546,908,036</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Financial Trends

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended December 31,			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 3,597,085	\$ 4,885,343	\$ 5,082,314	\$ 5,312,761
Public safety	18,429,217	19,426,114	20,592,228	21,817,641
Public works	13,234,754	13,411,829	13,997,482	14,499,490
Community and economic development	906,554	1,030,998	1,093,173	872,321
Recreation and culture	5,532,795	4,726,200	5,594,209	5,284,571
Interest on long-term debt	556,891	470,805	386,740	308,220
Total governmental activities expenses	42,257,296	43,951,289	46,746,146	48,095,004
Business-type activities:				
Total primary government expenses	28,849,470	29,666,789	31,515,954	33,248,492
	71,106,766	73,618,078	78,262,100	81,343,496
Program Revenues				
Governmental activities:				
General government	364,640	246,661	188,077	224,608
Public safety	4,154,668	4,227,208	4,389,477	5,486,646
Public works	403,736	690,360	929,380	715,086
Community and economic development	48,729	64,019	40,424	67,367
Recreation and culture	843,349	928,764	941,015	866,734
Charges for services	5,815,122	6,157,012	6,488,373	7,360,441
Operating grants and contributions	5,699,964	6,329,670	6,046,650	7,884,257
Capital grants and contributions	1,176,625	3,067,489	604,843	1,285,335
Total governmental activities program revenues	12,691,711	15,554,171	13,139,866	16,530,033
Business-type activities:				
Charges for services	29,610,232	30,669,475	34,937,052	34,388,137
Operating grants and contributions	-	-	-	-
Capital grants and contributions	736,784	1,063,888	2,518,382	2,716,642
Total business-type activities program revenues	30,347,016	31,733,363	37,455,434	37,104,779
Total primary government program revenues	43,038,727	47,287,534	50,595,300	53,634,812
Net (Expense)/Revenue				
Governmental activities	(29,565,585)	(28,397,118)	(33,606,280)	(31,564,971)
Business-type activities	1,497,546	2,066,574	5,939,480	3,856,287
Total primary government net expense	(28,068,039)	(26,330,544)	(27,666,800)	(27,708,684)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	26,609,298	29,505,299	30,474,096	31,456,850
State shared revenues	5,520,914	5,522,466	5,660,822	6,089,238
Unrestricted investment income	234,752	165,103	853,266	2,180,879
Unrestricted cable franchise fees	1,525,713	1,628,426	-	1,619,020
Gain on sale of capital assets	282,906	178,825	815,804	244,852
Miscellaneous	644,405	912,932	1,660,239	547,260
Transfers	14,500	-	266,925	-
Contribution to permanent fund	42,132	47,239	41,437	10,240
Special item	801,280	-	-	-
Total governmental activities	35,675,900	37,960,290	39,772,589	42,148,339
Business-type activities:				
Unrestricted investment income	108,464	161,471	221,170	477,369
Gain (loss) on sale of capital assets	-	-	(2,459,916)	173
Miscellaneous	12,300	30,759	4,221	15,916
Transfers	(14,500)	-	-	-
Special item	164,418	-	-	-
Total business-type activities	270,682	192,230	(2,234,525)	493,458
Total primary government	35,946,582	38,152,520	37,538,064	42,641,797
Change in Net Position				
Governmental activities	6,110,315	9,563,172	6,166,309	10,583,368
Business-type activities	1,768,228	2,258,804	3,704,955	4,349,745
Total primary government	\$ 7,878,543	\$ 11,821,976	\$ 9,871,264	\$ 14,933,113

Schedule 2
UNAUDITED

Fiscal Year Ended December 31,					
2018	2019	2020	2021	2022	2023
\$ 6,413,943	\$ 6,340,087	\$ 8,884,918	\$ 8,501,049	\$ 9,316,273	\$ 10,549,495
22,574,963	22,772,369	23,618,974	27,711,429	27,999,859	28,978,480
15,165,501	16,683,411	17,117,205	17,697,875	17,926,019	19,732,689
1,131,100	1,154,043	1,047,865	1,186,912	1,298,859	1,361,926
5,563,807	5,953,116	6,279,948	7,348,656	7,879,531	8,797,800
254,583	140,421	84,579	446	15,048	10,898
51,103,897	53,043,447	57,033,489	62,446,367	64,435,589	69,431,288
33,561,220	33,889,212	34,280,057	34,928,269	36,073,594	36,504,840
84,665,117	86,932,659	91,313,546	97,374,636	100,509,183	105,936,128
1,754,372	1,842,577	4,312,499	5,512,685	3,870,616	6,002,717
5,286,891	5,903,254	5,755,953	5,777,468	6,398,524	3,299,798
502,458	1,029,157	608,679	737,700	446,167	687,134
52,378	86,393	44,170	47,595	39,304	-
861,220	806,350	547,016	822,944	855,816	179,434
8,457,319	9,667,731	11,268,317	12,898,392	11,610,427	10,169,083
11,156,561	8,991,523	11,312,638	10,021,463	10,579,516	21,406,167
5,235,517	5,135,936	1,884,591	2,378,310	2,721,280	1,897,442
24,849,397	23,795,190	24,465,546	25,298,165	24,911,223	33,472,692
35,214,531	33,918,742	36,731,423	34,705,354	36,989,046	36,355,325
22,347	-	219,482	-	-	1,104,060
1,575,978	674,007	1,817,531	3,145,803	1,712,496	762,276
36,812,856	34,592,749	38,768,436	37,851,157	38,701,542	38,221,661
61,662,253	58,387,939	63,233,982	63,149,322	63,612,765	71,694,353
(26,254,500)	(29,248,257)	(32,567,943)	(37,148,202)	(39,524,366)	(35,958,596)
3,251,636	703,537	4,488,379	2,922,888	2,627,948	1,716,821
(23,002,864)	(28,544,720)	(28,079,564)	(34,225,314)	(36,896,418)	(34,241,775)
32,507,605	34,169,331	35,652,025	37,363,654	38,616,603	40,522,735
6,272,050	4,031,463	6,493,552	7,554,613	9,267,828	8,517,300
1,799,789	6,523,340	2,631,768	1,070,959	536,030	7,551,864
-	-	-	-	-	-
157,747	-	320,949	454,704	755,884	380,681
1,150,553	2,140,418	1,183,247	629,641	419,496	-
-	-	-	(7,200)	-	(168,500)
115,136	129,811	132,706	167,548	149,241	-
-	-	103,169	104,616	139,682	-
42,002,880	46,994,363	46,517,416	47,338,535	49,884,764	56,804,080
883,973	1,219,779	696,859	141,222	597,293	1,879,106
-	-	68	4,429	-	-
30,029	39,466	15,198	5,154	1,709	-
-	-	-	7,200	-	168,500
-	-	-	-	-	-
914,002	1,259,245	712,125	158,005	599,002	2,047,606
42,916,882	48,253,608	47,229,541	47,496,540	50,483,766	60,899,292
15,748,380	17,746,106	13,949,473	10,190,333	10,360,398	20,845,484
4,165,638	1,962,782	5,200,504	3,080,893	3,226,950	3,764,427
\$ 19,914,018	\$ 19,708,888	\$ 19,149,977	\$ 13,271,226	\$ 13,587,348	\$ 24,609,911

CITY OF ROCHESTER HILLS, MICHIGAN

Financial Trends

Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ended December 31,			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ -	\$ -	\$ 62,631	\$ 54,007
Committed	1,000,000	1,000,000	1,000,000	1,000,000
Assigned	4,313,480	1,032,670	1,650,000	1,137,000
Unassigned	25,944,104	26,898,542	25,014,387	28,414,652
Total general fund	<u>31,257,584</u>	<u>28,931,212</u>	<u>27,727,018</u>	<u>30,605,659</u>
All other governmental funds				
Nonspendable	1,146,253	6,668,847	8,970,872	8,168,210
Restricted	47,321,159	40,023,313	35,152,665	37,358,186
Committed	-	-	-	-
Assigned	3,984,047	1,456,055	1,419,293	1,105,105
Total all other governmental funds	<u>52,451,459</u>	<u>48,148,215</u>	<u>45,542,830</u>	<u>46,631,501</u>
Total governmental funds	<u>\$ 83,709,043</u>	<u>\$ 77,079,427</u>	<u>\$ 73,269,848</u>	<u>\$ 77,237,160</u>

* In 2023, restricted net position/fund balance related to the fire capital capital projects fund was reclassified to unrestricted/committed. The 2022 balances were reclassified for comparison purposes.

Schedule 3
UNAUDITED

Fiscal Year Ended December 31,					
2018	2019	2020	2021	2022*	2023
\$ 36,208	\$ 33,204	\$ 95,007	\$ 379,441	\$ 351,324	\$ 304,184
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
11,353,150	22,270	318,860	-	-	-
19,971,462	19,674,120	20,819,992	19,349,403	19,904,537	24,480,336
<u>32,360,820</u>	<u>20,729,594</u>	<u>22,233,859</u>	<u>20,728,844</u>	<u>21,255,861</u>	<u>25,784,520</u>
7,434,723	8,645,570	7,455,802	7,441,302	7,554,659	7,543,183
42,894,641	41,646,421	45,005,709	45,000,339	26,673,637	31,700,291
-	1,769,978	1,855,404	1,266,291	14,047,773	17,387,009
1,074,206	10,012,787	11,404,651	16,881,155	2,958,712	16,784,635
<u>51,403,570</u>	<u>62,074,756</u>	<u>65,721,566</u>	<u>70,589,087</u>	<u>51,234,781</u>	<u>73,415,118</u>
<u>\$ 83,764,390</u>	<u>\$ 82,804,350</u>	<u>\$ 87,955,425</u>	<u>\$ 91,317,931</u>	<u>\$ 72,490,642</u>	<u>\$ 99,199,638</u>

CITY OF ROCHESTER HILLS, MICHIGAN

Financial Trends

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended December 31,			
	2014	2015	2016	2017
Revenues				
Property taxes	\$ 26,609,298	\$ 29,505,299	\$ 30,474,096	\$ 31,456,850
Licenses and permits	2,708,237	3,018,417	2,882,128	3,468,554
Federal grants	237,065	326,473	108,715	406,800
State grants	10,591,515	10,964,591	11,264,159	13,848,971
Contributions	592,815	359,723	587,520	479,207
Charges for services	8,242,976	8,237,157	8,382,094	8,788,247
Fines and forfeitures	401,611	407,202	490,366	524,960
Investment income (loss)	204,716	109,709	764,247	1,980,149
Special assessments	-	-	-	-
Refunds and other	399,256	3,453,652	833,410	720,588
Total revenues	<u>49,987,489</u>	<u>56,382,223</u>	<u>55,786,735</u>	<u>61,674,326</u>
Expenditures				
Current:				
General government	6,942,192	6,954,410	7,472,521	7,218,933
Public safety	18,224,842	19,211,142	20,518,990	21,011,581
Public works	5,975,066	6,635,221	7,038,328	7,338,777
Community and economic development	815,104	861,658	932,725	825,439
Recreation and culture	5,521,962	4,885,500	4,821,917	5,088,384
Debt service:				
Principal payments	2,280,000	2,345,000	2,425,000	2,035,000
Interest and fiscal charges	537,660	460,802	381,364	302,932
Capital outlay	12,447,756	14,021,201	11,417,735	12,339,009
Total expenditures	<u>52,744,582</u>	<u>55,374,934</u>	<u>55,008,580</u>	<u>56,160,055</u>
Revenue over (under) expenditures	<u>(2,757,093)</u>	<u>1,007,289</u>	<u>778,155</u>	<u>5,514,271</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	149,151	15,306	48,007	145,207
Transfers in	13,757,668	10,160,252	7,362,323	7,565,307
Transfers out	(13,916,513)	(17,812,463)	(11,998,064)	(9,257,473)
Total other financing sources (uses)	<u>(9,694)</u>	<u>(7,636,905)</u>	<u>(4,587,734)</u>	<u>(1,546,959)</u>
Special item	<u>801,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,965,507)</u>	<u>\$ (6,629,616)</u>	<u>\$ (3,809,579)</u>	<u>\$ 3,967,312</u>
Debt service as a percentage of noncapital expenditures	6.99%	6.78%	6.44%	5.34%

Schedule 4
UNAUDITED

Fiscal Year Ended December 31,					
2018	2019	2020	2021	2022	2023
\$ 32,463,955	\$ 34,039,772	\$ 35,652,025	\$ 37,363,654	\$ 38,640,305	\$ 40,522,735
3,155,713	4,001,609	3,971,398	3,512,892	3,672,659	3,069,036
198,288	203,940	2,372,122	1,120,913	643,869	2,323,230
15,247,482	14,925,639	15,094,642	16,372,339	18,660,785	19,553,477
2,576,607	285,611	362,422	487,164	2,360,612	1,229,809
8,633,500	9,212,599	8,775,554	9,331,984	9,497,200	10,169,083
614,932	578,972	394,103	373,354	333,544	377,047
1,446,275	3,593,502	2,375,774	949,603	(22,121)	6,478,815
-	-	129,169	-	-	34,766
3,454,515	5,817,638	1,154,578	657,361	531,643	775,667
<u>67,791,267</u>	<u>72,659,282</u>	<u>70,281,787</u>	<u>70,169,264</u>	<u>74,318,496</u>	<u>84,533,665</u>
7,599,399	7,717,191	8,429,115	8,373,715	9,537,244	9,298,152
21,681,250	22,160,827	23,528,280	24,608,077	25,450,882	26,775,466
7,343,894	8,330,815	8,172,449	9,357,352	9,843,062	8,994,344
1,066,025	1,061,934	996,679	1,104,175	1,196,546	1,248,346
5,073,941	5,549,520	5,294,815	5,612,109	5,819,555	7,982,303
1,550,000	1,660,000	1,665,000	1,775,000	200,000	210,000
242,051	186,413	122,639	53,563	16,188	12,087
<u>14,063,715</u>	<u>20,928,841</u>	<u>12,591,845</u>	<u>11,142,735</u>	<u>16,009,655</u>	<u>9,275,109</u>
<u>58,620,275</u>	<u>67,595,541</u>	<u>60,800,822</u>	<u>62,026,726</u>	<u>68,073,132</u>	<u>63,795,807</u>
9,170,992	5,063,741	9,480,965	8,142,538	6,245,364	20,737,858
46,018	19,489	47,227	95,854	12,559	19,385
6,146,101	32,901,630	15,038,910	15,513,406	14,434,613	13,587,333
<u>(8,835,881)</u>	<u>(38,944,900)</u>	<u>(19,326,171)</u>	<u>(20,389,292)</u>	<u>(26,063,403)</u>	<u>(23,159,253)</u>
<u>(2,643,762)</u>	<u>(6,023,781)</u>	<u>(4,240,034)</u>	<u>(4,780,032)</u>	<u>(11,616,231)</u>	<u>(9,552,535)</u>
-	-	-	-	-	-
<u>\$ 6,527,230</u>	<u>\$ (960,040)</u>	<u>\$ 5,240,931</u>	<u>\$ 3,362,506</u>	<u>\$ (5,370,867)</u>	<u>\$ 11,185,323</u>
4.02%	2.77%	3.71%	3.61%	0.42%	0.41%

CITY OF ROCHESTER HILLS, MICHIGAN

Revenue Capacity Information

Taxable Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Residential	Commercial	Industrial	Personal	Total Value
2014	2013	\$ 2,298,696,600	\$ 409,303,060	\$ 118,804,730	\$ 187,007,950	\$ 3,013,812,340
2015	2014	2,364,678,200	412,428,510	119,903,050	184,824,590	3,081,834,350
2016	2015	2,441,920,790	424,514,630	121,165,740	194,546,970	3,182,148,130
2017	2016	2,505,199,360	432,989,870	122,630,670	164,474,500	3,225,294,400
2018	2017	2,594,226,970	445,250,270	124,249,200	157,288,180	3,321,014,620
2019	2018	2,718,934,350	466,108,360	128,338,890	153,832,650	3,467,214,250
2020	2019	2,854,037,170	489,620,610	133,293,890	156,018,590	3,632,970,260
2021	2020	2,974,188,690	505,294,150	136,569,340	169,374,066	3,785,426,246
2022	2021	3,085,480,780	513,842,200	139,500,570	164,929,300	3,903,752,850
2023	2022	3,266,480,780	544,198,700	147,103,400	166,178,760	4,123,961,640

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.

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Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage Actual
9.7060	\$ 6,160,235,260	48.92%
10.4496	6,708,154,380	45.94%
10.4605	7,371,956,560	43.17%
10.4605	7,892,784,340	40.86%
10.4605	8,192,682,240	40.54%
10.4605	8,438,938,740	41.09%
10.4605	8,926,981,580	40.70%
10.5510	9,447,020,552	40.07%
10.5510	9,814,749,680	39.77%
10.5510	10,293,634,460	40.06%

CITY OF ROCHESTER HILLS, MICHIGAN

Revenue Capacity Information

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

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	Art Institute	Oakland Transit	Oakland Community College	
2014												
Homestead	1.9636	8.1965	0.2895	10.4496	4.1900	0.2146	0.2415	0.1000	0.2000	0.0000	1.5844	
Nonhomestead	1.9636	8.1965	0.2895	10.4496	4.1900	0.2146	0.2415	0.1000	0.2000	0.0000	1.5844	
2015												
Homestead	2.0275	8.1492	0.2838	10.4605	4.0900	0.2146	0.2410	0.0998	0.1996	0.0000	1.5819	
Nonhomestead	2.0275	8.1492	0.2838	10.4605	4.0900	0.2146	0.2410	0.0998	0.1996	0.0000	1.5819	
2016												
Homestead	2.1136	8.0707	0.2762	10.4605	4.0400	0.2146	0.2392	0.0990	0.1981	0.0000	1.5707	
Nonhomestead	2.1136	8.0707	0.2762	10.4605	4.0400	0.2146	0.2392	0.0990	0.1981	0.0000	1.5707	
2017												
Homestead	2.2561	7.9366	0.2678	10.4605	4.0400	0.2140	0.2368	0.0980	0.1961	0.0000	1.5555	
Nonhomestead	2.2561	7.9366	0.2678	10.4605	4.0400	0.2140	0.2368	0.0980	0.1961	0.0000	1.5555	
2018												
Homestead	2.4959	7.6968	0.2528	10.4605	4.0400	0.2129	0.2349	0.0982	0.1945	0.0000	1.5431	
Nonhomestead	2.4959	7.6968	0.2528	10.4605	4.0400	0.2129	0.2349	0.0982	0.1945	0.0000	1.5431	
2019												
Homestead	2.6582	7.5751	0.2272	10.4605	4.0400	0.2117	0.2329	0.0973	0.1929	0.0000	1.5303	
Nonhomestead	2.6582	7.5751	0.2272	10.4605	4.0400	0.2117	0.2329	0.0973	0.1929	0.0000	1.5303	
2020												
Homestead	2.6909	7.6577	0.2024	10.5510	4.0200	0.2104	0.3500	0.0965	0.1913	0.0000	1.5184	
Nonhomestead	2.6909	7.6577	0.2024	10.5510	4.0200	0.2104	0.3500	0.0965	0.1913	0.0000	1.5184	
2021												
Homestead	2.7457	7.7700	0.0353	10.5510	4.0132	0.2089	0.3470	0.0956	0.1897	0.0000	1.5057	
Nonhomestead	2.7457	7.7700	0.0353	10.5510	4.0132	0.2089	0.3470	0.0956	0.1897	0.0000	1.5057	
2022												
Homestead	2.8285	7.6895	0.033	10.5510	3.9686	0.2070	0.3431	0.0945	0.1945	0.9500	1.4891	
Nonhomestead	2.8285	7.6895	0.033	10.5510	3.9686	0.2070	0.3431	0.0945	0.1945	0.9500	1.4891	
2023												
Homestead	2.8157	7.6106	0.031	10.4573	3.9686	0.2070	0.3431	0.0945	0.1945	0.9500	1.4891	
Nonhomestead	2.8157	7.6106	0.031	10.4573	3.9686	0.2070	0.3431	0.0945	0.1945	0.9500	1.4891	

Michigan law restricts the maximum millage (reduced by Headlee) that may be levied by the City without a vote of our residents as follows:

Fiscal Year	Operating	Purpose	Debt
2023	3.6795	9.0413	No Limit

Source: City Assessing Department

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	Avondale Schools
	State Education Tax	Operating	Sinking	Debt	State Education Tax	Operating	Supplemental	Sinking	Debt		
3.3690	6.0000	-	0.0000	6.4000	6.0000	-	-	0.6000	7.3000	32.7491	34.2491
3.3690	6.0000	18.0000	0.0000	6.4000	6.0000	18.0000	-	0.6000	7.3000	50.7491	52.2491
3.3633	6.0000	-	0.0000	6.2000	6.0000	-	-	0.6000	7.3000	32.4507	34.1507
3.3633	6.0000	18.0000	0.0000	6.2000	6.0000	18.0000	-	0.6000	7.3000	50.4507	52.1507
3.3398	6.0000	-	0.0000	5.9000	6.0000	-	-	0.8000	7.3000	32.0619	34.2619
3.3398	6.0000	18.0000	0.0000	5.9000	6.0000	18.0000	-	0.8000	7.3000	50.0619	52.2619
3.3079	6.0000	-	0.0000	6.0000	6.0000	-	-	0.8000	7.3000	32.1088	34.2088
3.3079	6.0000	18.0000	0.0000	6.0000	6.0000	18.0000	-	0.8000	7.3000	50.1088	52.2088
3.2813	6.0000	-	0.0000	6.0100	6.0000	-	-	0.8000	7.3000	32.0754	34.1654
3.2813	6.0000	18.0000	0.0000	6.0100	6.0000	18.0000	-	0.8000	7.3000	50.0754	52.1654
3.2539	6.0000	-	0.0000	5.3000	6.0000	-	-	0.8000	7.3000	31.3195	34.1195
3.2539	6.0000	18.0000	0.0000	5.3000	6.0000	18.0000	-	0.8000	7.3000	49.3195	52.1195
3.2280	6.0000	-	1.4874	3.4800	6.0000	-	-	0.8000	7.3000	31.1330	34.2656
3.2280	6.0000	18.0000	1.4874	3.4800	6.0000	18.0000	-	0.8000	7.3000	49.1330	52.2656
3.2012	6.0000	-	1.4732	1.6400	6.0000	-	-	0.8000	7.3000	29.2255	34.2123
3.2012	6.0000	18.0000	1.4732	1.6400	6.0000	18.0000	-	0.8000	7.3000	47.2255	52.2123
3.1658	6.0000	-	1.4630	1.7600	6.0000	-	-	0.8000	7.3000	30.1866	35.0636
3.1658	6.0000	18.0000	1.4630	1.7600	6.0000	18.0000	-	0.8000	7.3000	48.1866	53.0636
3.1658	6.0000	-	1.4630	1.7600	6.0000	-	-	0.8000	7.3000	30.0929	30.0929
3.1658	6.0000	18.0000	1.4630	1.7600	6.0000	18.0000	-	0.8000	7.3000	34.9699	34.9699

Revenue Capacity Information

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	(2022 Taxable Value)	Percentage of Total	Rank	(2013 Taxable Value)	Percentage of Total	Rank
Singh Properties	\$ 29,804,440	0.72%	1	\$ 24,397,750	0.79%	2
Vorh Assoc. LLC (The Village RH)	26,917,310	0.65%	2	20,890,960	0.67%	3
Detroit Edison	26,104,590	0.63%	3	26,510,850	0.86%	1
New Plan (Hampton Village Center)	21,635,640	0.52%	4	18,375,610	0.59%	4
Consumers Power	16,428,570	0.40%	5	10,101,663	0.32%	10
Ramco / Winchester Center LLC	15,015,890	0.36%	6	13,216,760	0.43%	5
Good Will Co Inc. (Meijers)	14,745,090	0.36%	7	11,231,320	0.37%	8
Sunoco Pipeline LP	13,931,430	0.34%	8	10,828,680	0.36%	9
Associate Estates Realty: Apartments	12,886,980	0.31%	9	12,785,960	0.41%	7
1185 River Oaks North, LLC (Solomon Properties)	12,424,520	0.30%	10	12,798,570	0.41%	6
Subtotal	189,894,460	4.60%		161,138,123	5.21%	
Other	3,934,067,180	95.40%		2,852,674,217	94.79%	
Total	<u>\$ 4,123,961,640</u>	<u>100%</u>		<u>\$ 3,013,812,340</u>	<u>100%</u>	

Source: City Assessing Department

Revenue Capacity Information

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2014	\$ 29,173,993	\$ 28,418,086	97.4%	\$ 579,126	\$ 28,997,212	99.39%
2015	32,170,115	31,589,510	98.2%	574,776	32,164,286	99.98%
2016	33,243,238	32,642,927	98.2%	592,519	33,235,446	99.98%
2017	33,740,109	33,162,113	98.3%	589,004	33,751,117	100.00%
2018	34,669,775	34,048,725	98.2%	631,005	34,679,730	100.00%
2019	36,263,054	35,616,715	98.2%	667,160	36,283,875	100.00%
2020	37,994,005	37,293,993	98.2%	692,481	37,986,474	99.98%
2021	39,930,871	39,109,038	97.9%	803,495	39,912,533	99.95%
2022	41,184,623	40,445,152	98.2%	745,410	41,190,562	100.00%
2023	43,511,919	42,764,751	98.3%	698,965	43,463,716	99.89%

Source: City of Rochester Hills

CITY OF ROCHESTER HILLS, MICHIGAN

Debt Capacity Information

Ratios of Outstanding Debt

Last Ten Fiscal Years

	2014	2015	2016	2017
Governmental Activities				
General obligation bonds	\$ 11,705,000	\$ 9,770,000	\$ 7,785,000	\$ 5,925,000
County contractual obligations	3,785,000	3,340,000	2,870,000	2,400,000
Special assessment bonds	525,000	275,000	-	-
Subscription liabilities	-	-	-	-
Unamortized premium on refunding bonds	263,087	219,330	175,567	131,804
Total	16,278,087	13,604,330	10,830,567	8,456,804
Capital Leases				
Capital lease-office equipment	67,091	47,370	26,842	5,426
Business-type Activities				
County contractual obligations	16,349,753	18,387,562	17,439,513	16,448,824
Unamortized premium on refunding bonds	13,674	11,964	10,257	8,545
Total	16,363,427	18,399,526	17,449,770	16,457,369
Total debt of the government	\$ 32,708,605	\$ 32,051,226	\$ 28,307,179	\$ 24,919,599
Total taxable value	\$ 3,013,812,340	\$ 3,081,834,350	\$ 3,182,148,130	\$ 3,225,294,400
Ratio of total debt to taxable value	1.085%	1.040%	0.890%	0.773%
Total population	73,556	73,257	72,791	74,334

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	2018	2019	2020	2021	2022	2023
\$	4,550,000	\$ 3,065,000	\$ 1,585,000	\$ -	\$ -	\$ -
	1,910,000	1,430,000	1,045,000	855,000	655,000	445,000
	-	-	-	-	-	-
	-	-	-	-	-	773,143
	99,866	67,928	35,989	560	420	280
	<u>6,559,866</u>	<u>4,562,928</u>	<u>2,665,989</u>	<u>855,560</u>	<u>655,420</u>	<u>1,218,423</u>
	-	-	-	-	-	-
	15,439,589	14,423,670	13,364,642	12,282,586	11,236,450	10,328,357
	6,836	5,127	3,418	1,709	-	-
	<u>15,446,425</u>	<u>14,428,797</u>	<u>13,368,060</u>	<u>12,284,295</u>	<u>11,236,450</u>	<u>10,328,357</u>
\$	<u>22,006,291</u>	<u>18,991,725</u>	<u>16,034,049</u>	<u>13,139,855</u>	<u>11,891,870</u>	<u>11,546,780</u>
\$	3,321,014,620	\$ 3,467,214,250	\$ 3,632,970,260	\$ 3,785,426,246	\$ 3,903,385,710	\$ 4,123,961,640
	0.663%	0.548%	0.441%	0.347%	0.305%	0.280%
	74,556	74,764	75,013	76,300	76,300	76,300

Debt Capacity Information

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Tax Year	State Equalization Value	Population	General Bonded Debt Obligations Outstanding (1)	Other General Bonded Debt Obligations Outstanding (2)	Total Bonded Debt Obligation Outstanding	Obligation Debt to Taxable Value	General Obligation Debt per Capita
2014	2013	\$ 3,080,117,630	73,556	\$ 11,438,603	\$ 3,814,484	\$ 15,253,087	0.50%	207.37
2015	2014	3,354,077,190	73,257	9,713,479	3,365,851	13,079,330	0.39%	178.54
2016	2015	3,685,978,280	72,791	7,938,349	2,892,218	10,830,567	0.29%	148.79
2017	2016	3,946,392,170	74,334	6,038,219	2,418,585	8,456,804	0.21%	113.77
2018	2017	4,096,310,520	74,556	4,634,914	1,924,952	6,559,866	0.16%	87.99
2019	2018	4,219,469,370	74,764	3,132,928	1,430,000	4,562,928	0.11%	61.03
2020	2019	4,463,490,790	76,300	1,620,989	1,045,000	2,665,989	0.06%	34.94
2021	2020	4,723,510,276	76,300	-	855,560	855,560	0.02%	11.21
2022	2021	4,907,374,840	76,300	-	655,420	655,420	0.01%	8.59
2023	2022	5,146,817,230	76,300	-	1,218,423	1,218,423	0.02%	15.97

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 subscription liabilities.

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years

Government Unit	Net General Bonded Debt Outstanding Fiscal Year 2023	City Share as Percentage of Gross	Net City Share Fiscal Year 2023
Direct debt:			
Contractual obligations	\$ 445,280	100.00%	\$ 445,280
Subscription liabilities	773,143	100.00%	773,143
	<u>1,218,423</u>		<u>1,218,423</u>
Overlapping debt:			
Rochester School District	114,265,000	56.75%	64,845,388
Avondale School District	93,817,427	47.98%	45,013,601
Oakland County at Large	176,379,048	5.89%	10,388,726
Oakland Intermediate School District	39,675,000	5.92%	2,348,760
Total overlapping debt	<u>424,136,475</u>		<u>122,596,475</u>
Total	<u><u>\$ 424,581,755</u></u>		<u><u>\$ 123,041,755</u></u>

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

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

Debt Capacity Information

Legal Debt Margins

Last Ten Fiscal Years

	2014	2015	2016	2017
Debt Limit				
State equalized valuation	\$ 3,080,117,630	\$ 3,354,077,190	\$ 3,685,978,280	\$ 3,946,392,170
Debt limit (10 percent of State equalized valuation)	10%	10%	10%	10%
Total debt limit	308,011,763	335,407,719	368,597,828	394,639,217
Debt Subject to Debt Limit				
Total debt	32,708,605	32,051,226	28,307,179	24,919,649
Less deduction:				
Special Assessment Bonds	525,000	275,000	-	-
Michigan Transportation Highway Fund Bonds	500,000	250,000	-	-
Total amount of debt subject to limit	31,683,605	31,526,226	28,307,179	24,919,649
Legal Debt Margin	\$ 276,328,158	\$ 303,881,493	\$ 340,290,649	\$ 369,719,568
Net Debt Subject to Limit as Percentage of Debt Limit	10.29%	9.40%	7.68%	6.31%

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2018	2019	2020	2021	2022	2023
\$ 4,096,310,520 10%	\$ 4,219,469,370 10%	\$ 4,463,490,790 10%	\$ 4,723,510,276 10%	\$ 4,907,374,840 10%	5,146,817,230 10%
<u>409,631,052</u>	<u>421,946,937</u>	<u>446,349,079</u>	<u>472,351,028</u>	<u>490,737,484</u>	<u>514,681,723</u>
22,006,291	18,991,725	16,034,049	13,139,855	11,891,870	11,546,780
-	-	-	-	-	-
<u>22,006,291</u>	<u>18,991,725</u>	<u>16,034,049</u>	<u>13,139,855</u>	<u>11,891,870</u>	<u>11,546,780</u>
\$ 387,624,761	\$ 402,955,212	\$ 430,315,030	\$ 459,211,173	\$ 478,845,614	\$ 503,134,943
5.37%	4.50%	3.59%	2.78%	2.42%	2.24%

CITY OF ROCHESTER HILLS, MICHIGAN

Debt Capacity Information

Pledged-revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Water and Sewer Revenue						Coverage
	Operating Revenue	Operating Expenses (1)	Net Operating Income	Debt Service			
				Principal	Interest		
2014	\$ 29,622,532	\$ 24,825,478	\$ 4,797,054	\$ 523,198	\$ 261,941		6.11
2015	30,700,234	25,676,206	5,024,028	940,680	391,965		3.77
2016	34,941,271	27,139,135	7,802,136	978,184	423,212		5.57
2017	34,402,344	28,553,493	5,848,851	990,689	409,257		4.18
2018	35,246,493	28,789,418	6,457,075	1,009,235	386,690		4.63
2019	33,956,499	29,039,484	4,917,015	1,022,385	364,092		3.55
2020	36,269,975	28,866,349	7,403,626	1,059,028	312,378		5.40
2021	34,080,448	29,476,772	4,603,676	1,082,056	289,527		3.36
2022	36,356,551	30,519,980	5,836,571	1,046,136	265,686		4.45
2023	35,707,594	30,826,284	4,881,310	908,093	244,924		4.23

(1) Operating expenses net of depreciation.

Note: Details regarding outstanding debt can be found in Note 10 of the financial statements.

Schedule 13
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Special Assessment Bonds				
Special Assessment Collections	Debt Service		Coverage	
	Principal	Interest		
\$ 38,473	\$ 250,000	\$ 35,675	0.13	
24,429	250,000	24,425	0.09	
18,024	275,000	12,925	0.06	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	

Demographic and Economic Information

Housing Profile

Last Ten Fiscal Years

Fiscal Year	Population		Personal Income (in Thousands)	Per Capita Personal Income	Annual Unemployment Rate		City Housing Profile Number of Units (4)
2014	73,556	(2)	(1)	(1)	4.7	(6)	30,502
2015	73,257	(2)	(1)	(1)	4.1	(6)	30,638
2016	72,791	(2)	(1)	(1)	3.5	(6)	31,227
2017	74,334	(2)	(1)	(1)	2.6	(5)	31,380
2018	74,556	(2)	(1)	(1)	2.7	(5)	31,786
2019	74,764	(2)	(1)	(1)	2.4	(5)	31,703
2020	76,300	(3)	(1)	(1)	6.6	(5)	31,970
2021	76,300	(3)	(1)	(1)	2.7	(5)	32,036
2022	76,300	(3)	(1)	(1)	2.1	(5)	31,969
2023	76,300	(3)	(1)	(1)	2.2	(5)	34,169

(1) Information not available

(2) Source: SEMCOG Monthly Population and Households Estimated Growth Population¹

(3) Source: U.S. Bureau of the Census (2020 is the most recent year data is available)

(4) Source: Rochester Hills Assessing Department

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

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

Demographic and Economic Information

Principal Employers

Current Year and Nine Years Ago

2023 Rank	Principal Employers	2023 Employees	Percentage of Total	2014 Employees	Percentage of Total	2014 Rank
1	Oakland University	2,295	5.69%	2,213	6.77%	1
2	Rochester Community Schools	1,900	4.71%	1,970	6.02%	2
3	Ascension Providence Rochester Hospital	1,300	3.22%	1,447	4.42%	3
4	FANUC America Corp.	1,241	3.07%	775	2.37%	4
5	A. Raymond Group	478	1.18%			
6	Molex	425	1.05%			
7	Webasto Roof Systems	331	0.82%	620	1.90%	5
8	3 Dimensional Services	197	0.49%	210	0.64%	9
8	Kostal Kontakt	197	0.49%			
10	Prefix Corporation	175	0.43%			
	Hi-Tech Mold & Eng.			215	0.66%	8
	Lear Corporation			335	1.02%	6
	Henry Ford Health System*			250	0.76%	7
	Guardian Angel Health Services			207	0.63%	10
	Total Employed	40,366				

Source: City Planning Department & Bureau of Labor & Statistics

Demographic and Economic Information

Construction Activity
Last Ten Fiscal Years

Fiscal Year	Total Building Permits	Total Construction Valuation
2014	584	\$ 128,541,287
2015	565	72,000,000
2016	757	165,000,000
2017	1,027	181,448,139
2018	709	108,692,609
2019	669	104,140,209
2020	728	129,124,278
2021	1,242	219,794,297
2022	1,343	163,014,097
2023	1,100	91,757,700

Source: City Building Department

Demographic and Economic Information

Miscellaneous Demographics

Population (1)		2020 Industry (2)	
2020 U.S. Census	76,300	Natural Resources, Mining & Construction	1,710
2010 U.S. Census	70,995	Manufacturing	4,998
2000 U.S. Census	68,825	Wholesale trade	2,056
1990 U.S. Census	61,766	Retail trade	5,170
		Transportation, warehousing, and utilities	1,024
		Information & Financial Activities	4,522
		Professional & Technical Services & Corporate HQ	4,081
		Administrative, Support & Waste Services	2,539
		Education Services	2,431
		Healthcare Services	6,112
		Leisure & Hospitality	2,858
		Other Services	2,091
		Public administration	226
		Total	39,818

2020 Income Characteristics (2)		2020 Educational Characteristics (2)	
Household Income	Number of Households	Years of School Completed	Persons 25 and Over
Less than \$10,000	668	Did not graduate high school	3.20%
\$10,000 - \$14,999	425	High school graduate	15.00%
\$15,000 - \$24,999	1,529	Some college, no degree	14.70%
\$25,000 - \$34,999	1,653	Associate's degree	8.20%
\$35,000 - \$49,999	2,358	Bachelor's degree	31.80%
\$50,000 - \$74,999	3,775	Graduate or professional degree	27.10%
\$75,000 - \$99,999	4,049		
\$100,000 - \$149,999	6,166		
\$150,000 - \$199,999	3,641		
\$200,000 or more	4,502		

2020 Residential Characteristics (2)		2020 Race and Hispanic Statistics (2)	
Single Family	66.70%	Non-Hispanic	95.30%
Multi Family	28.80%	<i>White</i>	72%
Mobile Homes	4.50%	<i>Black</i>	3.60%
		<i>Asian</i>	15.10%
		<i>Multi-Racial</i>	4%
		<i>Other</i>	0.50%
		Hispanic	4.70%

2020 Age Statistics (2)	
Years	
Under 5	6.50%
5 to 19	20.10%
20 to 24	5.80%
25 to 44	26.40%
45 to 64	26.30%
Over 64	14.90%

Note: 2020 is the most recent year data is available

(1) U.S. Census Bureau

(2) SEMCOG Community Profiles



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Operating Information

Full-time Equivalent Government Employees
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Mayor	11	12	11	11	13	13	13	13	14	15
Clerks and election	6	7	7	7	7	6	6	8	8	8
Accounting	8	8	8	8	8	8	7	8	7	8
Assessing	7	7	7	6	6	6	5	7	7	7
Human resources	4	4	4	4	3	4	5	5	5	5
Treasury	3	3	3	3	3	3	3	3	3	3
Planning and zoning	5	5	5	5	4	6	6	6	6	6
Parks and museum	15	15	14	14	14	14	10	10	12	12
Management information systems	8	8	8	8	5	7	6	8	7	7
Cemetery	1	2	1	2	2	2	2	2	2	2
Public safety:										
Police services (contracted officers)	57	58	58	58	60	60	60	60	62	63
Police administration (contracted)	2	2	2	2	2	2	2	2	2	2
Fire and EMS	36	46	43	51	49	47	60	60	60	60
Building	13	13	13	13	11	12	13	14	16	15
Ordinance enforcement	5	5	5	5	5	5	5	3	5	5
Public works:										
Department of public service	58	60	57	58	59	58	59	63	61	62
Natural resources	4	4	4	4	6	6	6	6	6	6
Grounds maintenance	-	-	-	-	-	-	5	5	5	7
Fleet	7	7	7	6	7	8	7	7	7	8
Facilities	6	6	7	8	7	8	8	8	9	8
Total	256	272	264	273	271	275	288	298	304	309

Source: City Accounting Division

CITY OF ROCHESTER HILLS, MICHIGAN

Operating Information

Operating Indicators by Function Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
Election:					
Number of elections	2	2	3	1	2
Registered voters	53,184	51,775	53,454	52,712	53,209
New registrations	3,979	3,925	5,537	1,934	1,393
Building:					
Permits issued	3,395	3,459	6,811	5,429	3,361
Inspections	11,620	12,752	12,428	17,522	15,157
Parks and recreation:					
Park vehicle counts	301,873	293,406	313,290	331,980	406,173
Museum vehicle counts	n/a	n/a	61,279	58,290	66,546
Forestry - Tree inventory	18,736	18,957	19,081	19,208	19,348
Major roads:					
Winter material applied - Salt (in tons)	729	2,951	1,944	1,674	1,505
Other material applied to major roads (in tons)	24	57	40	78	97
Linear feet of ditches cleaned - Major roads	521	30	-	290	-
Local streets:					
Pothole repair - Solvex applied (in tons)	173	98	38	45	39
Other material applied to local streets (in tons)	1,969	1,123	109	232	189
Winter material applied (in tons)	372	97	1,317	1,435	1,266
Fire:					
Fire inspections & Reviews	1,418	952	882	1,227	1,140
Number of fires	109	108	136	146	113
Number of rescues and Emergency Medical Service	4,763	4,811	4,781	5,553	5,961
Number of community education programs	654	607	622	430	1,609
Number of participants in education programs	8,052	6,527	6,480	7,062	6,410
Police (contracted services) - Dispatched calls for service	31,697	31,521	33,489	33,614	34,579
Patrol investigators -					
Criminal activity - New cases	1,091	1,214	1,350	1,354	1,081
Uniformed patrol -					
Criminal activity - New cases	583	611	628	626	744
Crime statistics:					
Part A crimes	1,401	1,385	1,427	1,311	1,249
Part B crimes	380	319	343	501	445
Part C crimes (Miscellaneous)	27,167	28,005	31,414	30,490	32,059
Water and sewer:					
Water and sewer utility billings	141,952	142,718	143,667	144,823	146,299
Water sales (million cubic feet)	288	293	333	306	308
Meter reads	206,562	205,894	206,757	206,997	210,832
Meter installations	643	679	733	967	1,316
Water purchased (million cubic feet)	301	309	356	325	326

Source: City of Rochester Hills

Schedule 19
UNAUDITED

2019	2020	2021	2022	2023
2	3	1	2	1
54,492	58,225	57,794	59,356	59,121
416	3,733	707	848	3,946
3,784	3,574	5,030	5,332	4,284
13,173	11,560	16,648	17,969	16,950
354,289	488,073	528,945	478,705	523,101
84,573	30,840	20,616	34,918	33,487
19,440	19,594	20,068	20,209	19,684
1483.78	1158.80	1156.23	1178.41	1212.74
49.36	43.11	35.29	30.62	29.23
60.00	80.00	0.00	350.00	0.00
31	42.17	13.98	20.00	12.45
418.22	454.86	149.70	195.33	32.00
1337.48	1403.57	1139.17	1000.48	763.34
661	1,267	2,210	1,508	1,696
102	124	110	107	109
6,183	5,701	6,330	6,653	7,080
202	388	559	240	662
8,337	5,083	6,966	4,048	10,760
34,354	30,740	36,162	39,256	43,089
1,026	977	1,031	1,077	1,086
687	505	524	594	607
1,211	998	1,016	1,247	1,377
366	315	245	469	564
30,827	30,956	36,023	36,427	40,687
147,185	145,488	145,689	147,576	146,797
284	321	285	311	290
212,394	213,905	215,521	217,003	218,478
1,488	653	625	623	441
302	348	314	346	321

CITY OF ROCHESTER HILLS, MICHIGAN

Operating Information

Capital Asset Statistics

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
General government:					
Buildings - City Hall	1	1	1	1	1
Cemetery	1	1	1	1	1
Acreage	55.14	55.14	55.14	55.14	55.14
Public safety:					
Police station	1	1	1	1	1
Fire:					
Stations	5	5	5	5	5
Fire response vehicles	22	22	22	22	22
Emergency response vehicles	10	10	10	10	10
Public works:					
Buildings	3	3	3	3	3
Streets (miles):					
Miles of major roads (actual)	38.21	38.61	38.61	38.61	47.80
Miles of local streets (actual)	218.97	219.14	219.14	219.61	240.33
Water:					
Mains (miles)	432	432	434	435	438
Gate valves	4628	4653	4696	4,658	4,745
Hydrants	5028	4952	5002	5,020	5,068
Sewer:					
Miles of sanitary sewers	323.00	324.00	325.25	326.40	327.50
Miles of storm sewers	51.00	49.00	49.43	49.90	50.80
Manholes - Sanitary	7937	7972	8009	8,062	8,065
Manholes - Storm	757	761	767	767	769
Inlets and catch basins	5228	5268	5329	5,363	5,367
Parks and recreation:					
Major/Community parks:					
Buildings	19	19	19	19	19
Acreage	582.7	582.7	582.7	582.7	582.7
Developed parks/playgrounds	8	8	8	8	8
Developed fields (soccer, baseball, etc.)	21	21	21	21	21
Neighborhood parks:					
Acreage	23.6	23.6	23.6	23.6	23.6
Developed parks/playgrounds	1	1	1	1	1
Developed fields (soccer, baseball, etc.)	2	2	2	2	2
Buildings	-	-	-	-	-
Special use parks:					
Buildings	9	9	9	9	9
Acreage	318.17	318.17	318.17	318.17	318.17
Museums	1	1	1	1	1
Education centers	1	1	1	1	1
Golf courses	1	1	1	1	1
Veteran's Memorial Pointe	1	1	1	1	1
Linear Parks:	71.8	71.8	71.8	71.8	71.8
Natural Resource Areas:	113.32	113.32	122.80	122.80	127.24
Total park acreage	1,109.57	1,109.57	1,119.05	1,119.05	1,123.49
Number of parks	11	11	11	11	11

Source: City Departments

Schedule 20
UNAUDITED

2019	2020	2021	2022	2023
1	1	1	1	1
1	1	1	1	1
55.30	55.30	55.75	55.75	55.75
1	1	1	1	1
5	5	5	5	5
22	22	22	22	22
10	10	10	10	10
3	3	3	3	3
47.84	47.84	48.68	49.04	49.04
240.46	240.59	240.34	240.42	240.42
442	442.36	444.37	445.63	446.10
4,755	4,768.00	4,797	4,816	4,832
5,071	5,084.00	5,116	5,133	5,156
328	328.93	330.36	331.18	331.43
53.03	54.84	55.80	56.13	61.76
8,083	8,104	8,193	8,212	8,216
802	817	820	820	1,009
5,465	5,532	5,552	5,559	5,710
19	19	19	19	20
582.7	582.7	582.7	582.7	582.7
8	8	8	8	9
21	21	21	21	21
23.6	24.1	24.1	24.1	35.5
1	2	2	2	2
2	2	2	2	2
-	1	1	1	1
9	9	9	9	9
318.17	318.17	318.17	318.17	325.26
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
71.8	71.8	71.8	71.8	71.8
127.24	127.24	127.24	137.43	142.04
1,123.49	1,123.99	1,123.99	1,134.18	1,157.30
11	15	15	15	15

Operating Information

State-shared Revenue and Gas and Weight Tax
Last Ten Fiscal Years

State-shared Revenue				
Fiscal Year Ended December 31	Modified Accrual Basis of Accounting		Accrual Basis of Accounting	
2014	\$	5,495,218	\$	5,520,914
2015		5,549,849		5,522,466
2016		5,606,535		5,660,822
2017		6,069,401		6,089,238
2018		6,272,050		6,272,050
2019		6,523,340		6,523,340
2020		6,506,665		6,506,665
2021		7,554,613		7,554,613
2022		9,267,828		9,267,828
2023		8,517,300		8,517,300

Gas and Weight Tax					
Fiscal Year Ended December 31	Type of Street			Total Gas and Weight Tax (Act 51) Receipts	
	Major	Local			
2014	\$	3,312,238	\$	1,259,193	\$ 4,571,431
2015		3,466,728		1,319,982	4,786,710
2016		3,564,630		1,359,222	4,923,852
2017		4,646,727		1,772,992	6,419,719
2018		5,011,557		1,906,176	6,917,733
2019		5,570,879		2,119,903	7,690,782
2020		5,619,647		2,137,492	7,757,139
2021		6,237,786		2,363,471	8,601,257
2022		6,663,776		2,505,091	9,168,867
2023		7,207,969		2,723,152	9,931,121

Source: City Accounting Division

Operating Information

Labor Agreements

Name	Contract Expiration Date	Full-Time Employees Covered
Union Employees		
Office/Technical/Public Works Employees AFSCME, Local 2491, Council 25	12/31/2024	124
Public Works/Parks-Supervisory AFSCME, Local 1917.28, Council 25	12/31/2025	11
Fire Fighters International Association of Fire Fighters, Local 3472	12/31/2024	56
Paid on Call / Part-Time Fire Fighters Michigan Association of Fire Fighters	12/31/2023	6
Non-union Employees		
Mayor	N/A	1
Department Directors	N/A	10
Technical/Professional/Management	N/A	42

Source: Fiscal Division



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