

**CITY OF ROCHESTER
Oakland County, Michigan**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2022**

Prepared By:
The Finance Department

CITY OF ROCHESTER
Comprehensive Annual Financial Report
For the Year Ended June 30, 2022

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City of Rochester

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Audit Transmittal Letter

December 7, 2022

TO: The Honorable Mayor and City Council

RE: Fiscal Year End 2022 Audit

Introduction

We are pleased to submit the Annual Comprehensive Financial Report of the City of Rochester for the fiscal year end June 30, 2022. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials and other interested parties. The financial statements contain all disclosures necessary to enable the reader to gain an understanding of the City's financial activities. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of independent auditors.

All local units of government within the State of Michigan must comply with the Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, which requires an annual audit of the financial records and transactions of the City by independent certified public accountants. The primary purpose of the auditing requirements of this Act is to maintain the confidence of all interested parties in the integrity of the record keeping and financial reporting of local units of government.

City Administration encourages readers of the Annual Comprehensive Financial Report to also review the City's annual budget. When reviewed together, the reader can gain a comprehensive understanding of the City's financial policies, priorities, investments and reporting; which is the goal of these reports.

Government Profile

The City of Rochester is a vibrant 3.8 square mile community located in Southeast Michigan. Tree-lined streets and neighborhoods with diverse styles of homes give the City much of its charm. Downtown Rochester is the historic, cultural and shopping center of the region, which has been recognized as a “Great American Main Street” by the National Main Street Center (a subsidiary of the National Trust for Historic Preservation). The Paint Creek and the Clinton River flow through the City, and the parks provide open space, as well as cultural and recreational opportunities for area residents. The City is proud to be nationally recognized as one of the best places to live. Though mature as a community, Rochester continues to grow and attract investment through the addition of new infill housing and commercial developments. The City’s population increased from 12,711 in 2010 to 13,035 in 2020, an increase of 3%. Though growth in recent years slowed since 2007, construction activity has steadily increased within the community, and the City continues to be seen as a premier locale for residential, family life and community involvement. The City has made attracting and retaining quality multifamily residential, retail, commercial and industrial businesses one of its highest priorities.

The City is located in the Greater Metropolitan Detroit Area of Oakland County. Oakland County is one of the largest employment centers in the country for engineering and other industrial technology professions. It is also home to a number of Fortune 500 companies. In 2013, Oakland County was the tenth wealthiest county in the United States among counties with more than one million people and currently has an estimated population of more than 1.2 million residents.

The City is a full-service community offering residents, visitors and businesses the highest quality municipal services. Rochester services include a full service local Police Department; Fire and EMS service, offering both basic and advanced life support transportation services; curbside trash removal and recycling; fully developed and natural setting parks; miles of passive recreation trailways; multi-purpose ball fields; a full-service Department of Public Works, including street sweeping and curbside leaf removal; election services; pet licensing; public water and sewer services; code compliance office; and full-service building inspections.

Rochester has been a leader in the area of providing municipal services through interlocal government cooperation. The Rochester Hills Public Library, located in downtown Rochester, is funded jointly by the communities of Rochester, Rochester Hills and Oakland Township. The nationally recognized Older Persons’ Commission facility and programs are also jointly funded by the three communities. Exceptional recreational programs are provided to the community by the Rochester Avon Recreational Authority from funding provided by the cities of Rochester and Rochester Hills. In addition to these large and successful partnerships, the City of Rochester partners with its government and private sector neighbors on many important functions; increasing efficiency and providing better service for our citizens.

The City has been recognized by *Country Living Magazine* as number 4 on its list of Prettiest American Towns to Visit in the Winter, and the City's historic, vibrant and thriving downtown has been recognized nationally for its efforts to promote Main Street businesses.

In 2021, Rochester asked its residents for their feedback on City services. 97.8% of the survey responses rated Rochester as an excellent or good in the quality of life category, and 91.7% of the survey responses rated the City services as excellent or good (<https://rochestermi.org/243/2021-Community-Survey>). The City of Rochester is committed to investing in its core services and continues its focus on improved efficiency to remain a preferred destination for residents and businesses.

Form of Government

By Charter, the City operates as a council/manager form of government. The Rochester City Council has seven members. Six members have staggered four-year terms, and one member has a two-year term (the candidate that tallies the lowest number of votes out of the top four vote-getters each election has a two-year term). Each November, the City Council elects a member to serve as Mayor for a one-year term. In addition to its legislative duties, the City Council is responsible for the appointment of a City Manager to serve as the chief administrative officer of the City. It is the responsibility of the City Manager to carry out policies formulated by the City Council and to manage municipal operations in accordance with these policies.

City Budget

The City of Rochester prepares budgets in accordance with the Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, and in accordance with the Rochester Charter, Chapter 8. Under the direction of the City Manager, the Finance Director prepares an initial projection of revenue for the next fiscal year. Spending priorities are then established based upon the City's financial policies and mandated requirements. The City utilizes a projection model to review and consider budget priorities and the impact of current fiscal year spending on future fiscal years. Activities of the General Fund and Enterprise Funds are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot exceed the appropriated amount) is established by function and category. The Budget is adopted by City Council no later than the second Monday in May and may be amended by a majority vote of City Council. Administration encourages readers to review the annual budget for the fiscal year of this audit and for the current fiscal year as information complementing the audit (www.rochestermi.org/budget).

Controls and Cash Management

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. Internal controls

are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

City Council has adopted an Investment Policy for the safekeeping of the City's liquid assets. The policy states the City shall invest public funds in a manner that will provide reservation of capital, meet the daily liquidity needs of the City, diversify the City's investments, conform to all local and state statutes governing the investment of public funds and generate market rates of return.

Fiscal Year Highlights

Though the increase in real property value has been substantial, the growth in taxable value for the City is more modest, as a result of Proposal A and the Headlee Amendment, which regulates by State law that residential values can only increase at the rate of inflation or less. The City's property tax base increased 7.24% to \$883,924,010 for 2022. The overall value for the City is higher than the rate of inflation because of the new construction and added value by renovation of existing properties. The increase in overall taxable values resulted in a slight increase in revenue for the City's General Fund from real estate taxes. For the FYE 2023 Budget, total residential property values increased by 3.4%, total commercial property value increased by 2.3%, total industrial property values increased by 1.97% and personal property value increased by 140.8%. Residential properties represent 73.2% of the property value of the City and therefore have the most significant impact on the City's total property value. As real values continue to increase, the corresponding increase in taxable values will continue to be suppressed by Proposal A.

While Proposal A significantly suppresses the taxable value the City will see in the near future, the spread between the Assessed Value and Taxable Value will serve the City well if in the longer-term future there is a significant drop in Assessed Value. Because of the spread, the City will be able to see the drop in Assessed Value and make operational adjustments before the Assessed Value are low enough to reduce Taxable Value.

The City had a significant number of building permits issued during calendar years 2009 through 2021, most of which were single family home reconstructions or renovations. With the continued Pandemic impact, Building Department issued one thousand-seventy-seven (1,077) building and trade permits and improvements in the past year, totaling over \$30 million dollars-worth of renovations.

As part of the City's Goals & Objectives process, construction, improvements, and replacements of the City's facilities, water, sewer, and roads (infrastructure) were identified. The City bonded approximately \$5 million for capital improvements projects in 2019, the bulk of which was earmarked for construction of a new Department of Public Works campus. The Infrastructure Committee and staff continue working with the City's engineers to create a 20-

year asset management plan to address the City's aging infrastructure. Staff will continue discussing specifics with the City Council in order to establish priorities and identify revenue streams to finance the improvements, repairs and replacements.

In the mid-1990's, as part of several large single family home residential developments, the City added over 18 miles of infrastructure to its road system on the east side of the City. These roads have performed well, but now show the wear expected in a 20-year old street. Based on an assessment of the roads and determining that the streets still have a solid base, but are showing surface wear and cracking, the City will mill and resurface the streets when practical. However, the City's road analysis has also identified streets that will need to be completely reconstructed.

During FYE 2022, City Council voted for a modest water rate increase and to the sewer rates at 2019 levels.

The City's Parking Advisory Committee (PAC), which is also known as the Parking Management Advisory Committee, reviewed the usage data to determine how the system is performing. Prior to the global pandemic, the fund was trending towards self-funding. However, as parking revenues were negatively impacted in FYE 2021, the Downtown Development Authority contributed \$508,118 into the Parking Fund to assist in covering the delta between revenues vs. expenditures. In FYE 2022, an additional \$695,837 of ARPA funds were used to stabilize the fund and offset parking revenue losses.

Strategically to cover the bond debt and ongoing, day to day expenses, both the PAC and City Council have stated that they would like revenues over expenses to accumulate an additional \$100,000 yearly to cover the expected large maintenance costs that will occur every 2 to 3 years (sealing the deck floors, fixing concrete, etc.).

As a result of the City's move our health insurance from being fully insured to being self-insured. Previously, this move has saved the City money annually. However, several factors have negatively impacted the anticipated savings and the City looks to make program changes toward a fully insured health insurance plan.

Finally, the City reaffirmed its bond rating of AAA (as rated by Standard and Poor's), the highest rating possible. The rating also provides a benchmark for the financial health of the City.

Acknowledgments

The City switched to an Annual Comprehensive Financial Report (ACFR) with the fiscal year end 2011 audit. In prior years, the City has prepared an audit consistent with State and local requirements; however, the ACFR provides more context for the activities from the past fiscal year. Since switching to the ACFR, the City has received the Certificate of Achievement for Excellence in Financial Reporting in 2011 through 2021. This is the standard the City expects to consistently achieve.

The preparation of this year's ACFR was made possible by the dedicated service of many staff members. We wish to express our sincere appreciation to each of them. Special thanks to our independent auditors, PSLZ PLLC, Certified Public Accountants for their assistance during the audit process and for their document reviews. We look forward to working with staff and our independent auditors to continue to enhance the clarity and presentation of the City's financial information. Appreciation is also expressed to City Council for their leadership and support.

Sincerely,
Anthony Moggio
Finance Director / Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rochester
Michigan**

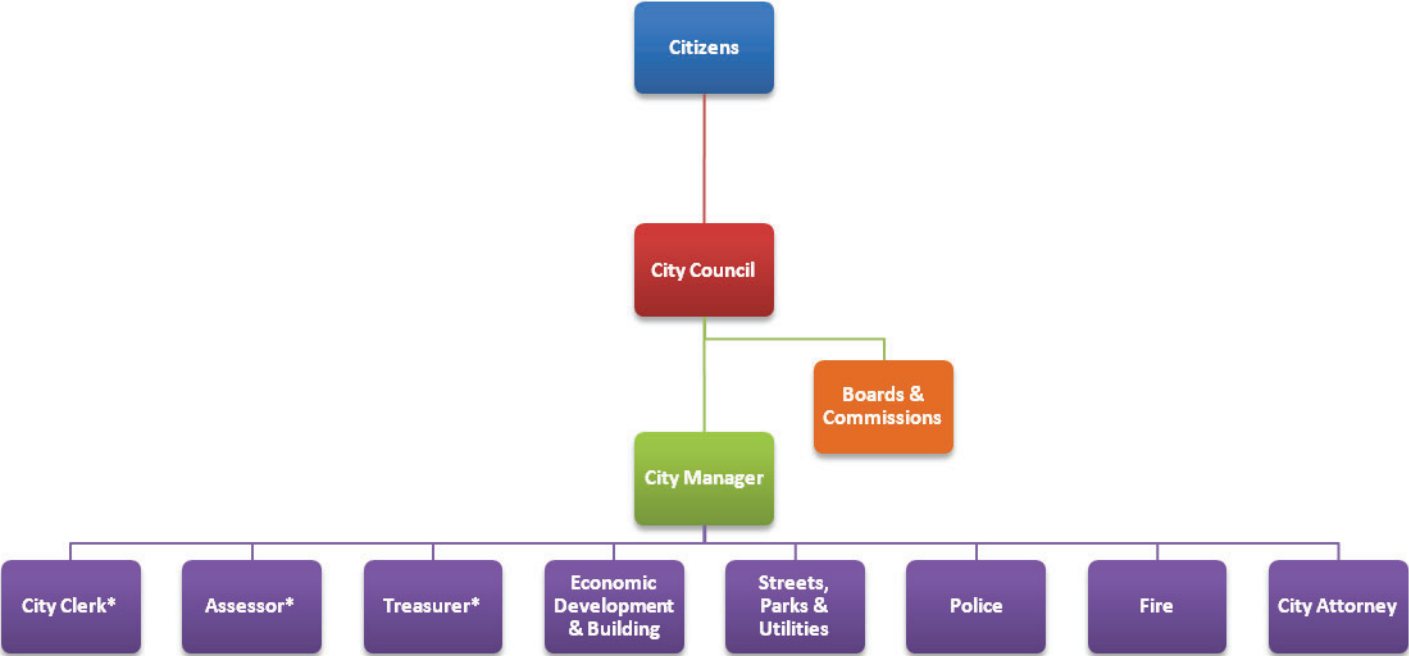
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

City of Rochester Organizational Chart



**The Assessor, Clerk and Treasurer are appointed by and responsible to the City Council but they act through the City Manager (City Charter, Section 3.9).*

CITY OF ROCHESTER
List of Principal Officials
For the Year Ended June 30, 2022

| | |
|---|---------------------|
| Mayor | Stuart A. Bikson |
| Mayor Pro Tem | Nancy Salvia |
| Council Member | Mark Albrecht |
| Council Member | Douglas Gould |
| Council Member | Ann Peterson |
| Council Member | Steve Sage |
| Council Member | Marilyn Trent |
| City Manager/Economic Development Director | Nik Banda |
| City Clerk | Lee Ann O'Connor |
| Finance Director/Treasurer | Anthony Moggio |
| Police Chief | Steven Schettenhelm |
| Fire Chief | John Cieslik |
| Director of Downtown Development Authority | Kristi Trevarrow |

FINANCIAL SECTION

PSLZ PLLC

Certified Public Accountants

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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rochester, Michigan, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate of all remaining fund information of the City of Rochester, Michigan, as of June 30, 2022, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 rest 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, amount 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 other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplemental Information

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

Honorable Mayor and City Council
City of Rochester, Michigan

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 auditor's 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 whether 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.

Respectfully,

A handwritten signature in black ink, appearing to read "PSLZ PLLC".

PSLZ PLLC
Certified Public Accountants

December 7, 2022

Management's Discussion and Analysis

As management of the City of Rochester, we offer readers of the City of Rochester's financial statements this narrative overview and analysis of the financial activities of the City of Rochester for the fiscal year ended June 30, 2022.

Financial Highlights

- The assets and the deferred outflows of the City of Rochester exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$54,855,042 (*net position*). Of this amount, \$2,495,233 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9,469,411. Governmental activities increased net position by \$3,388,384 and the business-type activities increased net position by \$6,081,027.
- At the close of the most recent fiscal year, the City of Rochester's governmental funds reported combined ending fund balances of \$15,103,460. Of this amount, \$7,410,706 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,410,706, or 55 percent of total general fund expenditures.
- The City of Rochester's total bond and contract debt decreased by \$2,035,753 during the current fiscal year as a result of annual debt payments made and no new debt issued.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Rochester's basic financial statements, which have three components:

- 1) Government-Wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements.

Government-wide financial statements.

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

The *statement of net position* presents information on all of the City of Rochester's assets and liabilities, with the difference between the two 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 of Rochester 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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Rochester 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 of Rochester include general government, public works, police, streets, and parks and recreation. The business-type activities of the City of Rochester are the Water and Sewer Fund and the Automobile Parking System.

The government-wide financial statements can be found on pages 12-14 of this report.

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 of Rochester, 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 of Rochester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as 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 fund balance sheet and the

governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Major Streets Fund, the Local Streets Fund, the Downtown Development Authority, Capital Projects General Fund, and the Facilities and Capital Construction Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary funds.

The City of Rochester 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 of Rochester uses enterprise funds to account for its Water and Sewer operation and the Parking System. The other proprietary fund type is *Internal Service Funds*, which are used to report activities that provide services to other City funds and activities, typically covered by charges to other City departments. The City uses an internal service fund to account for its fleet of vehicles and equipment.

Proprietary fund statements 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 Automobile Parking System which are considered to be major funds of the City of Rochester. The activity of the Internal Service Fund is eliminated in the government-wide statements to avoid duplicate reporting of revenues and expenses. The basic proprietary fund financial statements can be found on pages 20-22 of 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 statement because the resources of those funds are *not* available to support the City of Rochester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 25-50 of this report.

Government-wide Financial Analysis

Assets and deferred outflows exceeded liabilities and deferred inflows by \$54,661,253 at the close of the most recent fiscal year. Of the City of Rochester's net position, 79 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Rochester uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rochester's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 21,049,293 | \$ 23,327,925 | \$ 6,380,784 | \$ 6,218,486 | \$ 27,430,077 | \$ 29,546,411 |
| Capital Assets | 23,688,128 | 25,258,910 | 42,065,579 | 37,146,061 | 65,753,707 | 62,404,971 |
| Total Assets | 44,737,421 | 48,586,835 | 48,446,363 | 43,364,547 | 93,183,784 | 91,951,382 |
| Deferred Outflows | 4,654,788 | 2,866,377 | - | - | 4,654,788 | 2,866,377 |
| Long-term liabilities | 21,350,200 | 23,287,084 | 17,740,839 | 18,957,865 | 39,091,039 | 42,244,949 |
| Other liabilities | 443,922 | 1,115,849 | 854,229 | 636,414 | 1,298,151 | 1,752,263 |
| Total Liabilities | 21,794,122 | 24,402,933 | 18,595,068 | 19,594,279 | 40,389,190 | 43,997,212 |
| Deferred Inflows | 2,594,340 | 5,434,916 | - | - | 2,594,340 | 5,434,916 |
| Net Position: | | | | | | |
| Net investment in capital assets | 19,055,140 | 12,293,252 | 24,324,740 | 18,188,196 | 43,379,880 | 30,481,448 |
| Restricted | 7,029,088 | 5,849,056 | 1,950,841 | 2,301,492 | 8,979,929 | 8,150,548 |
| Unrestricted | (1,080,481) | 3,473,055 | 3,575,714 | 3,280,580 | 2,495,233 | 6,753,635 |
| Total Net Position | \$ 25,003,747 | \$ 21,615,363 | \$ 29,851,295 | \$ 23,770,268 | \$ 54,855,042 | \$ 45,385,631 |

At the end of the current fiscal year, the City of Rochester is able to report positive balances for the government as a whole. The same situation held true for the prior fiscal year.

Net position increased by \$9,469,411 during the current fiscal year as compared to a decrease of \$5,231,505 in the prior year. Governmental activities increased net position \$3,388,384 as compared to a decrease of \$5,826,222 in the prior year. The prior year governmental activities included the issuance of pension obligation bonds with the proceeds being transferred to the pension trust fund. Depreciation expense recorded in the governmental activities for fiscal year 2022 was \$2,089,342, and for fiscal year 2021 was \$1,891,340.

City of Rochester - Change in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 4,087,440 | \$ 3,291,251 | \$ 8,014,407 | \$ 7,749,425 | \$ 12,101,847 | \$ 11,040,676 |
| Operating Grants & Contrib. | 2,258,368 | 3,016,032 | - | - | 2,258,368 | 3,016,032 |
| Capital Grants & Contrib. | 163,240 | 309,488 | 4,557,124 | 5,610 | 4,720,364 | 315,098 |
| General Revenues: | | | | | | |
| Property Taxes | 11,903,286 | 11,278,117 | - | - | 11,903,286 | 11,278,117 |
| State Shared Revenues | 1,502,401 | 1,627,262 | - | - | 1,502,401 | 1,627,262 |
| Franchise Fees | 232,940 | 241,112 | - | - | 232,940 | 241,112 |
| Investment Earnings | 35,750 | 101,901 | 14,120 | 4,481 | 49,870 | 106,382 |
| Total Revenues | 20,183,425 | 19,865,163 | 12,585,651 | 7,759,516 | 32,769,076 | 27,624,679 |
| Expenses: | | | | | | |
| General Government | 1,978,475 | 2,371,009 | - | - | 1,978,475 | 2,371,009 |
| Public Safety | 5,334,013 | 6,089,834 | - | - | 5,334,013 | 6,089,834 |
| Public Works | 5,458,264 | 5,571,988 | - | - | 5,458,264 | 5,571,988 |
| Community Development | 2,019,949 | 2,415,515 | - | - | 2,019,949 | 2,415,515 |
| Recreation and Cultural | 1,006,299 | 1,042,934 | - | - | 1,006,299 | 1,042,934 |
| Interest on Long-Term Debt | 140,040 | 150,105 | - | - | 140,040 | 150,105 |
| Automobile Parking System | - | - | 1,135,483 | 791,781 | 1,135,483 | 791,781 |
| Water and Sewer | - | - | 6,227,142 | 6,373,018 | 6,227,142 | 6,373,018 |
| Total Expenses | 15,937,040 | 17,641,385 | 7,362,625 | 7,164,799 | 23,299,665 | 24,806,184 |
| Change in Net Position before transfers | 4,246,385 | 2,223,778 | 5,223,026 | 594,717 | 9,469,411 | 2,818,495 |
| Transfers | (858,001) | (8,050,000) | 858,001 | - | - | (8,050,000) |
| Change in Net Position | 3,388,384 | (5,826,222) | 6,081,027 | 594,717 | 9,469,411 | (5,231,505) |
| Net Position, Beg. of year | 21,615,363 | 27,441,585 | 23,770,268 | 23,175,551 | 45,385,631 | 50,617,136 |
| Net Position, End of year | \$ 25,003,747 | \$ 21,615,363 | \$ 29,851,295 | \$ 23,770,268 | \$ 54,855,042 | \$ 45,385,631 |

Governmental activities

Program revenues, which include user fees and charges and restricted operating and capital grants and contributions, represent 32% of total governmental revenue sources. Program revenues reduce the net cost of the governmental functions to be financed from the City's general revenues, which are comprised primarily of property taxes and state revenue sharing. State shared revenues decreased overall in fiscal year 2022 as the amount that the State distributed to help offset the phase out of personal property taxes decreased by \$347,742 but the constitutional state revenue sharing increased by \$1,195,094. Program revenues include approximately \$698,000 of American Rescue Plan Act funds received by the City.

Business-type activities

Business-type activities increased the City's net position by \$6,081,027 as compared to an increase of \$594,717 in the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the City of Rochester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

The focus of the City of Rochester's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$15,103,460, an increase of \$939,401 in comparison with the prior year. Of the total fund balances, \$7,692,754 is restricted for specific purposes, which include road construction and maintenance, cemetery maintenance, downtown development, principal shopping district, law enforcement programs, debt service, and capital improvements. Also, of the total amount \$7,410,706 constitutes *unassigned fund balance*, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City of Rochester. At the end of the current fiscal year, the total fund balance of the general fund was \$7,410,706, all of which is unassigned. Unassigned General Fund fund balance represents 55 percent of total general fund expenditures. The fund balance of the City's General Fund decreased by \$240,631 during the fiscal year. The Local Street Fund reflects an increase in fund balance of \$601,946 as a result of less street construction than the prior year plus a General Fund transfer of \$1,246,397 for upcoming street projects. Also, the Downtown Development Authority had an increase in fund balance of \$312,251 as compared to a decrease of \$175,673 in the prior year, which included a \$446,658 transfer to the Principal Shopping District to assist with community promotions during the pandemic.

Proprietary funds.

The City of Rochester's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Proprietary funds at the end of the year amounted to \$3,575,714, as compared to \$3,280,580 in the prior year.

General Fund Budgetary Highlights

General Fund final budgeted revenues were 6.1% over the original budgeted amounts, and the General Fund final budgeted expenditures were 3.1% more than the original budgeted amounts. The actual revenues exceeded the final budgeted revenues by \$265,401 and actual operating expenditures were less than the final budgeted expenditures by \$41,968. Significant budget amendments approved during the year include an increase of \$355,776 in property tax revenues, other general services expenditures of \$82,370 for emergency events and insurance losses, \$120,489 for fire department expenditures, and an increase of \$52,000 for parks and recreation expenditures. See page 49 for General Fund detail.

Capital Asset and Debt Administration

Capital assets.

The City of Rochester's investment in capital assets for its governmental and business type activities is \$65,753,707 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, and roads. The increase in the City of Rochester's investment in capital assets for the current fiscal year was a 6 percent decrease for governmental activities, and a 13 percent increase in business-type activities.

Major capital asset events during the current fiscal year included the following:

- Sidewalk replacement safety program
- Street reconstruction projects

Additional information on the City of Rochester's capital assets can be found in note III.B on pages 36-37 of this report.

Long-term debt.

At the end of the current fiscal year, the City of Rochester had total bonded debt outstanding of \$20,880,000, contractual debt outstanding of \$9,204,628, and installment notes payable of \$372,920. The Water & Sewer Fund reflects the City's portion (3.54%) of \$917,195 of the Clinton River Water Resource Facility Drain Bonds, and also a State Revolving Fund low interest loan of \$3,526,103. All of the City's debt represents general obligation debt backed by the full faith and credit of the City of Rochester, subject to constitutional limit. Additional information on the City of Rochester's long-term debt can be found in note III.E on pages 38-40 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Rochester has used sound financial practices and careful budgeting to foster strong financial footing during the challenging years and plans to use these same principles to position the City to take advantage of the future growth opportunities. The practice of looking for cost reductions and improved efficiency, which has been finely tuned over the past budget cycles, continues to be at the forefront of the efforts of staff and City Council. This has positioned the City well to be able to react quickly and make proactive decisions during periods of rising inflation and supply chain shortages. Continuing to make strategic investments in core services that will benefit the lives of our residents and enhance the investment of businesses.

The housing market continues with strong sales, and the City saw further delays for the larger projects that were approved through the planning commission and engineering while talks with the developers remain optimistic from their view.

The City has been assessed contractual debt by the Oakland-Macomb Interceptor Drain Drainage Board, along with other communities within the drainage district, for the maintenance and rehabilitation of the Oakland-Macomb Interceptor Drain. Water and sewer costs remain difficult for the City to

control because of reliance on Oakland County Water Resources Commission, Shelby Township and the Great Lakes Water Authority for these services. Despite this reliance, the City continues to monitor and focus on opportunities to improve upon its contractual relationships with each entity and has made major system improvements to reduce costs within the Rochester system.

The City continues to actively monitor and make adjustments to the overall Parking Management Strategy, which was adopted by the City Council, Planning Commission and Downtown Development Authority. City Council has a Parking Advisory Committee (PAC), made up of members of City Council, Planning Commission, Downtown Development Authority, a citizen member and City staff to oversee the system. The parking systems goal will be to operate as a breakeven enterprise. Going forward, City Council has been proactive to implement long-range maintenance plans for the parking decks and lots.

The City's investment in its core services and community assets, along with continued fiscal discipline, improved purchasing and personnel policies, and innovative service provisions will provide a strong base for the City as it continues to be the first choice for residents and businesses to invest their time and money. The City has developed and maintains a strong financial position. The City's solid financial position is attributable to the continued good financial practices, maintenance of a sound fund balance, and the prudent proactive management of the City's operations. Standard and Poor reaffirmed the City's AAA bond rating in the fall of 2020, which speaks volumes considering the economic climate.

Requests for Information

This financial report is designed to provide a general overview of the City of Rochester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Municipal Offices at 400 Sixth Street, Rochester, Michigan 48307.

BASIC FINANCIAL STATEMENTS

CITY OF ROCHESTER
Statement of Net Position
June 30, 2022

| | Governmental Activities | Business-type Activities | Total | Component Unit - Brownfield |
|--|------------------------------------|-------------------------------------|----------------------|--|
| ASSETS | | | | |
| Cash and Investments | \$ 16,766,170 | \$ 2,895,375 | \$ 19,661,545 | \$ 1,853,805 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 128,300 | 1,268,718 | 1,397,018 | - |
| Due from Other Governmental Units | 212,058 | - | 212,058 | - |
| Restricted Assets - Cash and Cash Equivalents | - | 2,216,691 | 2,216,691 | - |
| Net Other Post Employment Asset | 3,942,765 | - | 3,942,765 | - |
| Capital Assets: | | | | |
| Nondepreciable Assets | 3,701,365 | 363,253 | 4,064,618 | 1,200,629 |
| Depreciable Assets | 19,986,763 | 41,702,326 | 61,689,089 | - |
| Total Assets | <u>44,737,421</u> | <u>48,446,363</u> | <u>93,183,784</u> | <u>3,054,434</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows related to Pension and OPEB | <u>4,654,788</u> | <u>-</u> | <u>4,654,788</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts Payable | 241,473 | 770,057 | 1,011,530 | - |
| Accrued Liabilities | 141,310 | - | 141,310 | - |
| Other | 61,139 | 84,172 | 145,311 | 742,393 |
| Noncurrent Liabilities: | | | | |
| Net Pension Liability | | | | |
| Due in more than one year | 7,886,012 | - | 7,886,012 | - |
| Compensated Absences Payable: | | | | |
| Due within one year | 36,531 | - | 36,531 | - |
| Due in more than one year | 632,201 | - | 632,201 | - |
| Bonds and Contracts Payable: | | | | |
| Due within one year | 811,495 | 987,127 | 1,798,622 | 97,826 |
| Due in more than one year | 11,983,961 | 16,753,712 | 28,737,673 | 902,174 |
| Total Liabilities | <u>21,794,122</u> | <u>18,595,068</u> | <u>40,389,190</u> | <u>1,742,393</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows related to Pension and OPEB | <u>2,594,340</u> | <u>-</u> | <u>2,594,340</u> | <u>-</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 19,055,140 | 24,324,740 | 43,379,880 | 200,629 |
| Restricted for: | | | | |
| Streets | 4,721,384 | - | 4,721,384 | - |
| Cemetery | 895,703 | - | 895,703 | - |
| Law Enforcement Programs | 31,345 | - | 31,345 | - |
| Downtown Development Authority | 1,047,728 | - | 1,047,728 | - |
| Debt Service | 22,757 | - | 22,757 | - |
| Capital Projects | 310,171 | - | 310,171 | - |
| Water and Sewer Improvements | - | 1,950,841 | 1,950,841 | - |
| Unrestricted | (1,080,481) | 3,575,714 | 2,495,233 | 1,111,412 |
| Total Net Position | <u>\$ 25,003,747</u> | <u>\$ 29,851,295</u> | <u>\$ 54,855,042</u> | <u>\$ 1,312,041</u> |

CITY OF ROCHESTER
Statement of Activities
For the Year Ended June 30, 2022

| Functions/Programs | Program Revenues | | | |
|------------------------------------|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 1,978,475 | \$ 2,843,123 | \$ 701,513 | \$ - |
| Public Safety | 5,334,013 | 1,075,292 | 29,434 | 163,240 |
| Community Development | 2,019,949 | 78,154 | 5,931 | - |
| Public Works | 5,458,264 | 90,871 | 1,521,490 | - |
| Recreation and Cultural | 1,006,299 | - | - | - |
| Interest on Long-Term Debt | 140,040 | - | - | - |
| Total Governmental Activities | <u>15,937,040</u> | <u>4,087,440</u> | <u>2,258,368</u> | <u>163,240</u> |
| Business-type Activities: | | | | |
| Water and Sewer | 6,227,142 | 6,726,246 | - | 4,557,124 |
| Automobile parking system | 1,135,483 | 1,288,161 | - | - |
| Total Business-type Activities | <u>7,362,625</u> | <u>8,014,407</u> | <u>-</u> | <u>4,557,124</u> |
| Total Primary Government | <u>\$ 23,299,665</u> | <u>\$ 12,101,847</u> | <u>\$ 2,258,368</u> | <u>\$ 4,720,364</u> |
| Component Unit: | | | | |
| Brownfield Redevelopment Authority | <u>\$ 14,532</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues and Transfers:
Property Taxes
State Shared Revenue
Cable Franchise Fees
Unrestricted Investment Earnings
Transfers
Total General Revenues and Transfers

Change in Net Position
Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | |
|----------------------------|-----------------------------|---------------|----------------------------------|
| Governmental Activities | Business-type Activities | Total | Component Unit- Brownfield |
| \$ 1,566,161 | \$ - | \$ 1,566,161 | \$ - |
| (4,066,047) | - | (4,066,047) | - |
| (1,935,864) | - | (1,935,864) | - |
| (3,845,903) | - | (3,845,903) | - |
| (1,006,299) | - | (1,006,299) | - |
| (140,040) | - | (140,040) | - |
| (9,427,992) | - | (9,427,992) | - |
| - | 5,056,228 | 5,056,228 | - |
| - | 152,678 | 152,678 | - |
| - | 5,208,906 | 5,208,906 | - |
| (9,427,992) | 5,208,906 | (4,219,086) | - |
| - | - | - | (14,532) |
| 11,903,286 | - | 11,903,286 | 157,428 |
| 1,502,401 | - | 1,502,401 | - |
| 232,940 | - | 232,940 | - |
| 35,750 | 14,120 | 49,870 | 4,197 |
| (858,001) | 858,001 | - | - |
| 12,816,376 | 872,121 | 13,688,497 | 161,625 |
| 3,388,384 | 6,081,027 | 9,469,411 | 147,093 |
| 21,615,363 | 23,770,268 | 45,385,631 | 1,164,948 |
| \$ 25,003,747 | \$ 29,851,295 | \$ 54,855,042 | \$ 1,312,041 |

CITY OF ROCHESTER
Balance Sheet
Governmental Funds
June 30, 2022

| | <u>General</u> | <u>Major Streets</u> | <u>Local Streets</u> | <u>Downtown Development Authority</u> |
|---|---------------------|--------------------------|--------------------------|---|
| <u>ASSETS</u> | | | | |
| Cash and Investments | \$ 7,572,527 | \$ 1,254,566 | \$ 3,256,681 | \$ 1,068,732 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 119,147 | - | 3,454 | - |
| Due from Other Governmental Units | <u>-</u> | <u>148,108</u> | <u>63,950</u> | <u>-</u> |
| Total Assets | <u>\$ 7,691,674</u> | <u>\$ 1,402,674</u> | <u>\$ 3,324,085</u> | <u>\$ 1,068,732</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 157,572 | \$ 2,120 | \$ 3,255 | \$ 21,004 |
| Accrued and Other Liabilities | 62,257 | - | - | - |
| Other | 61,139 | - | - | - |
| Total Liabilities | <u>280,968</u> | <u>2,120</u> | <u>3,255</u> | <u>21,004</u> |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Streets | - | 1,400,554 | 3,320,830 | - |
| Cemetery | - | - | - | - |
| Law Enforcement Programs | - | - | - | - |
| Downtown Development Authority | - | - | - | 1,047,728 |
| Principal Shopping District | - | - | - | - |
| Debt Service | - | - | - | - |
| Capital Projects | - | - | - | - |
| Unassigned | 7,410,706 | - | - | - |
| Total Fund Balances | <u>7,410,706</u> | <u>1,400,554</u> | <u>3,320,830</u> | <u>1,047,728</u> |
| Total Liabilities and Fund Balances | <u>\$ 7,691,674</u> | <u>\$ 1,402,674</u> | <u>\$ 3,324,085</u> | <u>\$ 1,068,732</u> |

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 funds.
- Internal Service Funds are used by management to charge the costs of motor pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.
- Deferred Outflows(Inflows) related to Other Post Employment Benefits Liability
- Net Other Post Employment Benefits Liability
- Net Deferred Outflows and Inflows related to Pensions
- Net Pension Liabilities are not reported in the funds
- Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Position of Governmental Activities

| <u>Other Governmental</u> | <u>Total Governmental</u> |
|-------------------------------|-------------------------------|
| \$ 2,015,525 | \$ 15,168,031 |
| - | 122,601 |
| - | <u>212,058</u> |
| \$ <u>2,015,525</u> | \$ <u>15,502,690</u> |

| | |
|---------------|----------------|
| \$ 12,830 | \$ 196,781 |
| 79,053 | 141,310 |
| - | 61,139 |
| <u>91,883</u> | <u>399,230</u> |

| | |
|---------------------|-------------------|
| - | 4,721,384 |
| 895,703 | 895,703 |
| 31,345 | 31,345 |
| - | 1,047,728 |
| - | - |
| 22,757 | 22,757 |
| 973,837 | 973,837 |
| - | <u>7,410,706</u> |
| <u>1,923,642</u> | <u>15,103,460</u> |
| \$ <u>2,015,525</u> | |

18,750,954

6,123,400
(382,207)
3,942,765
2,442,655
(7,886,012)

(13,091,268)

\$ 25,003,747

CITY OF ROCHESTER
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

| | <u>General</u> | <u>Major Streets</u> | <u>Local Streets</u> | <u>Downtown Development Authority</u> |
|--|---------------------|--------------------------|--------------------------|---|
| Revenues | | | | |
| Property Taxes | \$ 10,200,353 | \$ - | \$ - | \$ 1,702,933 |
| Licenses and Permits | 411,161 | - | - | - |
| Intergovernmental: | | | | |
| Federal, State and Local | 2,640,265 | 1,016,842 | 457,277 | 62,361 |
| Charges for Services | 2,037,908 | - | - | 62,698 |
| Franchise Fees | 232,940 | - | - | - |
| Fines and Forfeitures | 86,509 | - | - | - |
| Special Assessments | - | - | 73,642 | - |
| Interest | 26,058 | 1,524 | 2,489 | 2,829 |
| Other | 198,239 | 47,371 | 5,729 | 7,707 |
| Total Revenues | <u>15,833,433</u> | <u>1,065,737</u> | <u>539,137</u> | <u>1,838,528</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,101,290 | - | - | - |
| Public Safety | 7,102,816 | - | - | - |
| Community Development | 68,705 | - | - | 1,155,400 |
| Public Works | 3,142,783 | 1,014,302 | 1,183,588 | - |
| Recreation and Cultural | 929,386 | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest and Other Charges | - | - | - | - |
| Capital Outlay | 44,915 | - | - | - |
| Total Expenditures | <u>13,389,895</u> | <u>1,014,302</u> | <u>1,183,588</u> | <u>1,155,400</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>2,443,538</u> | <u>51,435</u> | <u>(644,451)</u> | <u>683,128</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | 208,713 | 1,246,397 | - |
| Transfers Out | (2,684,169) | - | - | (370,877) |
| Total Other Financing Sources (Uses) | <u>(2,684,169)</u> | <u>208,713</u> | <u>1,246,397</u> | <u>(370,877)</u> |
| Net Change in Fund Balances | (240,631) | 260,148 | 601,946 | 312,251 |
| Fund Balances - Beginning | <u>7,651,337</u> | <u>1,140,406</u> | <u>2,718,884</u> | <u>735,477</u> |
| Fund Balances - Ending | <u>\$ 7,410,706</u> | <u>\$ 1,400,554</u> | <u>\$ 3,320,830</u> | <u>\$ 1,047,728</u> |

| | <u>Other Governmental</u> | <u>Total Governmental</u> |
|----|-------------------------------|-------------------------------|
| \$ | - | \$ 11,903,286 |
| | - | 411,161 |
| | - | 4,176,745 |
| | 801,801 | 2,902,407 |
| | - | 232,940 |
| | - | 86,509 |
| | - | 73,642 |
| | 2,850 | 35,750 |
| | 101,939 | 360,985 |
| | <u>906,590</u> | <u>20,183,425</u> |
| | - | 2,101,290 |
| | 29,434 | 7,132,250 |
| | 735,384 | 1,959,489 |
| | - | 5,340,673 |
| | 170,669 | 1,100,055 |
| | 170,000 | 170,000 |
| | 155,181 | 155,181 |
| | 70,303 | 115,218 |
| | <u>1,330,971</u> | <u>18,074,156</u> |
| | <u>(424,381)</u> | <u>2,109,269</u> |
| | 430,068 | 1,885,178 |
| | - | (3,055,046) |
| | <u>430,068</u> | <u>(1,169,868)</u> |
| | 5,687 | 939,401 |
| | <u>1,917,955</u> | <u>14,164,059</u> |
| \$ | <u><u>1,923,642</u></u> | <u><u>\$ 15,103,460</u></u> |

CITY OF ROCHESTER
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

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

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 939,401 |
|--|----|---------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

| | | |
|----------------------|--|-------------|
| Capital Outlay | | 113,520 |
| Depreciation Expense | | (1,668,808) |

Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The net revenue(loss) of certain activities of internal service funds is reported with governmental activities.

514,870

Change in Net Pension Liability

1,230,404

Change in Other Post Employment Benefits

1,471,657

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|----------------------------------|--|---------|
| Principal Payments | | 735,000 |
| Bond Premium Amortization | | 15,141 |
| Decrease in Compensated Absences | | 37,199 |

| | | |
|---|----|-------------------------|
| Change in net position in governmental activities | \$ | <u><u>3,388,384</u></u> |
|---|----|-------------------------|

CITY OF ROCHESTER
Balance Sheet
Proprietary Funds
June 30, 2022

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities Internal Service Funds</u> |
|---|--|--|----------------------|---|
| | <u>Water and Sewer System</u> | <u>Automobile Parking System</u> | <u>Total</u> | |
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 2,264,996 | \$ 630,379 | \$ 2,895,375 | \$ 1,598,139 |
| Accounts Receivable | 1,200,468 | 68,250 | 1,268,718 | 5,699 |
| Total Current Assets | <u>3,465,464</u> | <u>698,629</u> | <u>4,164,093</u> | <u>1,603,838</u> |
| Noncurrent Assets: | | | | |
| Restricted Assets - Cash | <u>2,216,691</u> | <u>-</u> | <u>2,216,691</u> | <u>-</u> |
| Capital Assets | 44,326,435 | 13,184,414 | 57,510,849 | 10,224,015 |
| Less: Accumulated Depreciation | (13,063,180) | (2,382,090) | (15,445,270) | (5,286,841) |
| Net Capital Assets | <u>31,263,255</u> | <u>10,802,324</u> | <u>42,065,579</u> | <u>4,937,174</u> |
| Total Noncurrent Assets | <u>33,479,946</u> | <u>10,802,324</u> | <u>44,282,270</u> | <u>4,937,174</u> |
| Total Assets | <u>\$ 36,945,410</u> | <u>\$ 11,500,953</u> | <u>\$ 48,446,363</u> | <u>\$ 6,541,012</u> |
| <u>LIABILITIES AND NET POSITION</u> | | | | |
| Current Liabilities (Payable from Current Assets): | | | | |
| Accounts Payable | \$ 770,057 | \$ - | \$ 770,057 | \$ 44,692 |
| Deposits | 84,172 | - | 84,172 | - |
| Current Portion of Contracts Payable | - | - | - | 86,495 |
| Current Portion of Bonds Payable | 452,127 | 535,000 | 987,127 | - |
| Total Current Liabilities (Payable from Current Assets) | <u>1,306,356</u> | <u>535,000</u> | <u>1,841,356</u> | <u>131,187</u> |
| Noncurrent Liabilities: | | | | |
| Contracts Payable (net of current portion) | - | - | - | 286,425 |
| Bonds Payable (net of current portion) | <u>8,558,712</u> | <u>8,195,000</u> | <u>16,753,712</u> | <u>-</u> |
| Total Noncurrent Liabilities | <u>8,558,712</u> | <u>8,195,000</u> | <u>16,753,712</u> | <u>286,425</u> |
| Total Liabilities | <u>9,865,068</u> | <u>8,730,000</u> | <u>18,595,068</u> | <u>417,612</u> |
| NET POSITION: | | | | |
| Net Investment in Capital Assets | 22,252,416 | 2,072,324 | 24,324,740 | 4,564,254 |
| Restricted for Improvements | 1,950,841 | - | 1,950,841 | - |
| Unrestricted | <u>2,877,085</u> | <u>698,629</u> | <u>3,575,714</u> | <u>1,559,146</u> |
| Total Net Position | <u>27,080,342</u> | <u>2,770,953</u> | <u>29,851,295</u> | <u>6,123,400</u> |
| Total Liabilities and Net Position | <u>\$ 36,945,410</u> | <u>\$ 11,500,953</u> | <u>\$ 48,446,363</u> | <u>\$ 6,541,012</u> |

CITY OF ROCHESTER
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities Internal Service Funds</u> |
|--|--|--|----------------------|---|
| | <u>Water and Sewer System</u> | <u>Automobile Parking System</u> | <u>Total</u> | |
| <u>Operating Revenues:</u> | | | | |
| Water Sales | \$ 3,001,331 | \$ - | \$ 3,001,331 | \$ - |
| Sewage Disposal Fees | 3,620,522 | - | 3,620,522 | - |
| Charges for Services | 82,508 | 1,288,161 | 1,370,669 | 1,375,558 |
| Other Operating Revenue | 21,885 | - | 21,885 | 1,411,659 |
| Total Operating Revenues | <u>6,726,246</u> | <u>1,288,161</u> | <u>8,014,407</u> | <u>2,787,217</u> |
| <u>Operating Expenses:</u> | | | | |
| Water Distribution | 1,829,462 | - | 1,829,462 | - |
| Sewage Collection and Disposal | 2,349,284 | - | 2,349,284 | - |
| Administrative | 320,229 | 197,079 | 517,308 | 1,464,431 |
| Operation and Maintenance | 435,021 | 673,593 | 1,108,614 | 685,327 |
| Depreciation | 870,443 | 264,811 | 1,135,254 | 420,534 |
| Total Operating Expenses | <u>5,804,439</u> | <u>1,135,483</u> | <u>6,939,922</u> | <u>2,570,292</u> |
| Operating Income (Loss) | <u>921,807</u> | <u>152,678</u> | <u>1,074,485</u> | <u>216,925</u> |
| <u>Non-Operating Revenues (Expenses):</u> | | | | |
| Interest Earned | 13,248 | 872 | 14,120 | 919 |
| Interest Expense | (169,344) | (253,359) | (422,703) | (14,841) |
| Total Non-Operating Revenues (Expenses) | <u>(156,096)</u> | <u>(252,487)</u> | <u>(408,583)</u> | <u>(13,922)</u> |
| Income (Loss) before Contributions and Transfers | 765,711 | (99,809) | 665,902 | 203,003 |
| Capital Contributions | 29,152 | - | 29,152 | - |
| State Grants | 4,527,972 | - | 4,527,972 | - |
| Transfer from Other Funds | - | 858,001 | 858,001 | 311,867 |
| Change in Net Position | 5,322,835 | 758,192 | 6,081,027 | 514,870 |
| Net Position, Beginning | <u>21,757,507</u> | <u>2,012,761</u> | <u>23,770,268</u> | <u>5,608,530</u> |
| Net Position, Ending | <u>\$ 27,080,342</u> | <u>\$ 2,770,953</u> | <u>\$ 29,851,295</u> | <u>\$ 6,123,400</u> |

CITY OF ROCHESTER
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities Internal Service Funds</u> |
|---|--|--|---------------------|---|
| | <u>Water and Sewer System</u> | <u>Automobile Parking System</u> | <u>Total</u> | |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | |
| Receipts from customers and users | \$ 6,711,225 | \$ 1,357,911 | \$ 8,069,136 | \$ 2,783,993 |
| Payments to suppliers | (4,517,139) | (677,090) | (5,194,229) | (2,207,714) |
| Payments to employees | (208,717) | (197,079) | (405,796) | - |
| Net Cash Provided (Used) by Operating Activities | <u>1,985,369</u> | <u>483,742</u> | <u>2,469,111</u> | <u>576,279</u> |
| <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u> | | | | |
| Transfers from other funds | - | 858,001 | 858,001 | 311,867 |
| Net Cash Provided (Used) by Non-Capital Financing Financing Activities | <u>-</u> | <u>858,001</u> | <u>858,001</u> | <u>311,867</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | | |
| Capital Charges | 29,152 | - | 29,152 | - |
| State Grants | 4,527,972 | - | 4,527,972 | - |
| Principal Paid on Debt | (444,623) | (772,403) | (1,217,026) | (83,727) |
| Interest Paid on Debt | (169,344) | (240,590) | (409,934) | (14,841) |
| Acquisition and Construction of Capital Assets | (6,067,541) | - | (6,067,541) | (405,040) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(2,124,384)</u> | <u>(1,012,993)</u> | <u>(3,137,377)</u> | <u>(503,608)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | | |
| Interest Earned | 13,248 | 872 | 14,120 | 919 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (125,767) | 329,622 | 203,855 | 385,457 |
| Cash and Cash Equivalents, Beginning | 4,607,454 | 300,757 | 4,908,211 | 1,212,682 |
| Cash and Cash Equivalents, Ending | <u>\$ 4,481,687</u> | <u>\$ 630,379</u> | <u>\$ 5,112,066</u> | <u>\$ 1,598,139</u> |
| <u>Balance Sheet Classifications:</u> | | | | |
| Cash and Cash Equivalents | \$ 2,264,996 | \$ 630,379 | \$ 2,895,375 | \$ 1,598,139 |
| Restricted Assets - Cash and Cash Equivalents | 2,216,691 | - | 2,216,691 | - |
| Total | <u>\$ 4,481,687</u> | <u>\$ 630,379</u> | <u>\$ 5,112,066</u> | <u>\$ 1,598,139</u> |
| <u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u> | | | | |
| Operating Income (Loss) | \$ 921,807 | \$ 152,678 | \$ 1,074,485 | \$ 216,925 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation and Amortization Expense | 870,443 | 264,811 | 1,135,254 | 420,534 |
| (Increase) Decrease in Receivables | (28,193) | 69,750 | 41,557 | (3,224) |
| Increase (Decrease) in Accounts Payable | 208,140 | (3,497) | 204,643 | (57,956) |
| Increase (Decrease) in Deposits | 13,172 | - | 13,172 | - |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,985,369</u> | <u>\$ 483,742</u> | <u>\$ 2,469,111</u> | <u>\$ 576,279</u> |

CITY OF ROCHESTER
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

| | Retiree Health Benefit Trust Fund | Custodial Fund |
|---------------------------------|---|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 47,920 | \$ - |
| Investments: | | |
| Mutual funds and other equities | 8,938,411 | - |
| Fixed Income Funds | 3,624,294 | - |
| Total Assets | 12,610,625 | - |
| LIABILITIES | | |
| Accounts Payable | - | - |
| NET POSITION | | |
| Restricted: | | |
| Other Post-Employment Benefits | 12,610,625 | - |
| | \$ 12,610,625 | \$ - |

CITY OF ROCHESTER
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

| | Retiree Health Benefit Trust Fund | Custodial Fund |
|--|--|---------------------------|
| ADDITIONS: | | |
| Employer Contributions | \$ - | \$ - |
| Investment Earnings (Loss) | (2,029,006) | - |
| Property Taxes Collected | - | 33,092,275 |
| Total Additions | (2,029,006) | 33,092,275 |
| DEDUCTIONS: | | |
| Withdrawals | 536,661 | - |
| Payments of Taxes Disbursed to Others | - | 33,092,275 |
| Total Deductions | 536,661 | 33,092,275 |
| Net Increase in fiduciary net position | (2,565,667) | - |
| Net Position, Beginning of Year | 15,176,292 | - |
| Net Positions, End of Year | \$ 12,610,625 | \$ - |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Rochester conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

A. Reporting Entity

The City of Rochester, Michigan, is governed by an elected seven-member City Council. Services are provided to residents in the areas of police and fire protection, building code enforcement, planning and zoning, refuse removal, parks and recreation, road construction, street lighting, and water and sewer.

Blended Component Unit

The City of Rochester Downtown Development Authority (DDA) was established to promote economic growth within the City's business district. The DDA Board is appointed by the City Council. The City prepares the annual operating budget for the DDA and any modifications require the approval of the City Council, and the City is financially accountable for it. The DDA is reported as if it were part of the primary government because its primary purpose is to promote development within the downtown district of the City and is in substance part of the City's operations. The DDA Director reports to the City Manager, and the City has operational responsibility for the DDA. All DDA expenditures must be approved by the City Council.

Discretely Presented Component Unit

The City of Rochester Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote the revitalization of environmentally distressed areas of the City. The Brownfield Redevelopment Authority is governed by a 13 member board appointed by the Mayor with City Council approval. The Brownfield Authority is expected to provide a financial benefit to the City and the City has the ability to impose its will on the Brownfield Authority. In addition, the City Council sets the annual budget for the Brownfield Authority. The Authority is presented on the full accrual basis of accounting. No separate financial statements are issued for the Brownfield Authority.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Government-Wide and Fund Financial Statements – Continued

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.

B. 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 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, franchise fees, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental Funds

The City 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 required to be accounted for in another fund.

The Major Streets Fund accounts for the resources of State gas and weight tax revenues that are restricted for use on major streets.

The Local Streets Fund accounts for the resources of State gas and weight tax revenue that are restricted for use on local streets.

The Downtown Development Authority accounts for the captured property tax revenue for economic development and capital improvements within the downtown development plan.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following major funds:

The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

The Automobile Parking System Fund accounts for the activities of the City's parking system.

Additionally, the City reports the following fund types:

Internal Service Funds

Internal service funds account for major machinery and equipment purchases and facilities maintenance, as well as risk management services provided to other departments of the government on a cost reimbursement basis.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others. Fiduciary funds include the following fund types:

The Custodial Fund is used to account for assets held by the City in a trustee capacity for tax collections of the City and other taxing jurisdictions.

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or capital projects).

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital project funds are used to account for construction projects and their related revenue sources.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. 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. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The City's 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. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments are recorded at fair value.

2. Receivables and Payables

Activity 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" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, if applicable.

3. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets or donated works of art and similar items are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Assets, Liabilities and Net Position or Equity – Continued

3. Capital Assets - Continued

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 15-60 |
| Infrastructure | 10-20 |
| Water & Sewer Lines | 50 |
| Equipment | 3-7 |
| Vehicles | 2-10 |

4. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the City, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Position. The General Fund, Major Street Fund, Local Street Fund, and the Downtown Development Authority Fund have been used to liquidate compensated absences in the current year.

5. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

6. Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by City Council for use for a specific purpose. Commitments are made and can be rescinded only via resolution of the City Council.

Assigned – Intent to spend resources on specific purposes expressed by the City Council but are neither restricted nor committed. The City's intent would be to spend committed funds prior to the use of uncommitted/unassigned funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unassigned – This is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City Council has adopted a Fund Balance Policy. As part of the policy, the City Council will annually designate as part of the budget process for capital projects, the unfunded actuarial accrued liability of the City's defined benefit pension obligations, and the unfunded actuarial liability of the City's other post employment employee health care obligations.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds and are adopted at the activity level.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

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

1. On or before the first Monday in April, the City Manager submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Appropriations are made on an activity basis within the General Fund and on a total fund basis in other governmental funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than the second Monday in May, the budget is legally enacted through adoption of a resolution in accordance with the Michigan Uniform Accounting and Budgeting Act.
4. The City Manager is authorized by the Council to transfer budgeted amounts within appropriations. However, any revisions that alter the total appropriation must be approved by the City Council.
5. Appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
6. The City Council may authorize supplemental appropriations (budget amendments) during the year. In fiscal year 2022, budget amendments were made and are reflected in the financial statements.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

Excess of Expenditures Over Appropriations in Budgetary Funds

The budgets for the General and Special Revenue Funds are adopted at the activity level; expenditures in excess of budget appropriations are as follows:

| | Final | | Excess |
|---------------------|---------------|---------------|---|
| | <u>Budget</u> | <u>Actual</u> | Expenditures Over <u>Appropriations</u> |
| General Fund: | | | |
| City Manager | \$ 518,563 | \$ 563,455 | \$ 44,892 |
| Police | 4,029,318 | 4,098,058 | 68,740 |
| Fire | 2,612,609 | 2,637,055 | 24,446 |
| Planning Commission | 55,744 | 67,284 | 11,540 |
| Public Works | 3,099,830 | 3,142,783 | 42,953 |
| Library | 514,299 | 543,458 | 29,159 |

C. Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the City must account for cumulative revenues over or under expenditures generated by the City's building department from January 1, 2000 and forward.

The cumulative amounts as of June 30, 2022 are as follows:

| | |
|-------------------------------------|---------------------|
| Cumulative Balance at June 30, 2021 | \$ (676,800) |
| Fees Collected in Fiscal Year 2022 | 380,422 |
| Expenditures in Fiscal Year 2022 | <u>(404,473)</u> |
| Cumulative Balance at June 30, 2022 | <u>\$ (700,851)</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law (Public Act 20 of 1943, as amended), the City is permitted to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

A reconciliation of cash and investments is as follows:

| | |
|--------------------------------------|----------------------|
| Statement of Net Position: | |
| Cash and Investments | \$ 19,661,545 |
| Restricted Cash | 2,216,691 |
| Statement of Fiduciary Net Position: | |
| Cash | <u>204,273</u> |
| Total Deposits and Investments | <u>\$ 22,082,509</u> |
| Component Unit-Brownfield | <u>\$ 1,853,805</u> |

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's does have an investment policy for custodial credit risk of deposits. As of June 30, 2022, the City's bank balance of its deposits including component units was \$24,070,445, of which \$12,977,752 was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

| <u>Investments</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Yrs)</u> |
|--------------------------------|-------------------|--|
| Oakland County LGIP | \$ 2,894,193 | 1.45 |
| Michigan CLASS Investment Pool | 8,198,500 | .20 |

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| <u>Investments:</u> | <u>Fair Value</u> | <u>Rating</u> | <u>Rating Organization</u> |
|--------------------------------|-------------------|---------------|----------------------------|
| Oakland County LGIP | \$ 2,894,193 | N/A | Not Rated |
| Michigan CLASS Investment Pool | 8,198,500 | AAAm | Standard & Poors |
| | | | |
| <u>Fiduciary Funds:</u> | | | |
| Fixed Income Mutual Funds | 3,652,308 | N/A | Not Rated |
| US Equity | 4,916,717 | N/A | Not Rated |
| International Equity | 2,186,487 | N/A | Not Rated |
| Other Equity | 1,644,473 | N/A | Not Rated |

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. The City has more than 5 percent of its cash and investments in Oakland County Local Government Investment Pool (12%) and Michigan CLASS Investment Pool (34%). The LGIP is not registered with the SEC and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs.

Investments in Entities that Calculate Net Asset Value per Share. As of the fiscal year ended June 30, 2022, the City holds shares or interests in investment pools where the fair value of the investments are measured on a recurring basis using net asset value per share of the investment pools as follows:

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (if applicable)</u> | <u>Redemption Notice Period</u> |
|--------------------------|-----------------------|---------------------------------|---|---|
| Investments: | | | | |
| Oakland County LGIP | \$ 2,894,193 | None | N/A | N/A |
| MI CLASS Investment Pool | 8,198,500 | None | N/A | N/A |

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

| <u>Governmental Activities:</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|------------------|---------------------------|
| Capital Assets, not depreciated: | | | | |
| Land | \$ 3,656,450 | \$ 44,915 | \$ - | \$ 3,701,365 |
| Capital Assets, being depreciated: | | | | |
| Buildings and Improvements | 9,998,746 | 60,170 | - | 10,058,916 |
| Improvements-Non Building | 3,488,120 | 8,435 | - | 3,496,555 |
| Machinery and Equipment | 2,908,436 | - | - | 2,908,436 |
| Infrastructure | 33,221,380 | - | - | 33,221,380 |
| Internal Service Fund | 9,818,975 | 405,040 | - | 10,224,015 |
| | <u>59,435,657</u> | <u>473,645</u> | <u>-</u> | <u>59,909,302</u> |
| Less: Accumulated Depreciation: | | | | |
| Buildings and Improvements | (3,544,138) | (546,113) | - | (4,090,251) |
| Improvements-Non Building | (1,332,942) | (124,931) | - | (1,457,873) |
| Machinery and Equipment | (2,908,436) | - | - | (2,908,436) |
| Infrastructure | (25,181,374) | (997,764) | - | (26,179,138) |
| Internal Service Fund | (4,866,307) | (420,534) | - | (5,286,841) |
| | <u>(37,833,197)</u> | <u>(2,089,342)</u> | <u>-</u> | <u>(39,922,539)</u> |
| Governmental Activities Capital Assets, net | <u>\$ 25,258,910</u> | <u>\$ (1,570,782)</u> | <u>\$ -</u> | <u>\$ 23,688,128</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

| <u>Business-type Activities:</u> | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
|---|----------------------|---------------------|------------------|----------------------|
| Capital Assets, not depreciated: | | | | |
| Land | \$ 363,253 | \$ - | \$ - | \$ 363,253 |
| Capital Assets, being depreciated: | | | | |
| Sewage Disposal System | 23,059,314 | 427,457 | - | 23,486,771 |
| Water Distribution System | 15,123,939 | 5,640,084 | - | 20,764,023 |
| Improvements Parking Lots & Platforms | 12,293,378 | - | - | 12,293,378 |
| Parking Meters | 546,094 | - | - | 546,094 |
| Other Equipment | 57,330 | - | - | 57,330 |
| | <u>51,080,055</u> | <u>6,067,541</u> | <u>-</u> | <u>57,147,596</u> |
| Less: Accumulated Depreciation: | | | | |
| Sewage Disposal System | (6,291,313) | (483,879) | - | (6,775,192) |
| Water Distribution System | (5,844,094) | (399,333) | - | (6,243,427) |
| Improvements Parking Lots & Platforms | (1,832,819) | (228,405) | - | (2,061,224) |
| Parking Meters | (271,691) | (36,406) | - | (308,097) |
| Other Equipment | (57,330) | - | - | (57,330) |
| | <u>(14,297,247)</u> | <u>(1,148,023)</u> | <u>-</u> | <u>(15,445,270)</u> |
| Business-type Activities Capital Assets, net | <u>\$ 37,146,061</u> | <u>\$ 4,919,518</u> | <u>\$ -</u> | <u>\$ 42,065,579</u> |

| <u>Component Unit-Brownfield Authority:</u> | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
|---|----------------|------------------|------------------|----------------|
| Capital Assets, not depreciated: | | | | |
| Construction in Progress | \$ 1,200,629 | \$ - | \$ - | \$ 1,200,629 |

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

| | |
|--|---------------------|
| General Government | \$ 90,661 |
| Public Safety | 106,052 |
| Public Works | 1,317,882 |
| Community Development | 92,667 |
| Recreation and Cultural | 61,546 |
| Charged though Internal Service Funds | 420,534 |
| | <u>\$ 2,089,342</u> |

C. Restricted Assets and Reserves

Specific assets of the business-type activities have been restricted by City ordinances for the capital improvement of the City's water and sewer systems. The following is the detail of the business-type activities restricted assets on June 30, 2022:

| | |
|-------------------------------------|--------------------|
| Water & Sewer System Fund: | |
| Cash and investments restricted for | |
| Water & Sewer Capital Improvement | <u>\$2,216,691</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS – Continued
E. Long-Term Debt – Continued

| | Balance <u>July 1, 2021</u> | Additions | Reductions | Balance <u>June 30, 2022</u> | Balance <u>Within 1 Year</u> |
|--|--------------------------------|-------------|-----------------------|---------------------------------|---------------------------------|
| Business-type Activities: | | | | | |
| 2010 Oakland-Macomb Interceptor bonds maturing through 4-1-2031, interest 2.50% | \$ 425,653 | \$ - | \$ (37,891) | \$ 387,762 | \$ 38,907 |
| 2010B Oakland-Macomb Interceptor bonds maturing through 4-1-2030, interest 1.15%-5.90% | 111,059 | - | (9,872) | 101,187 | 10,453 |
| 2011 Oakland-Macomb Interceptor bonds maturing through 10-1-2033, interest 2.50% | 641,130 | - | (42,421) | 598,709 | 43,312 |
| 2013A Oakland-Macomb Interceptor bonds maturing through 10-1-2033, interest 2.00% | 1,470,409 | - | (92,072) | 1,378,337 | 93,901 |
| 2014A Oakland-Macomb Interceptor bonds maturing through 10-1-2034 interest 2.00%-3.50% | 166,007 | - | (12,843) | 153,164 | 13,244 |
| 2015 Oakland-Macomb Interceptor bonds maturing through 4-1-2036 interest 2.50% | 475,726 | - | (10,888) | 464,838 | 11,178 |
| 2017 Clinton River Water Resource bonds maturing through 10-1-2038 interest 2.50% | 959,954 | - | (42,759) | 917,195 | 43,819 |
| 2019 Oakland-Macomb Interceptor bonds maturing through 4-1-2030, interest 1.85% | 105,986 | - | (10,570) | 95,416 | 10,360 |
| 2020 Oakland-Macomb Interceptor bonds maturing through 7-1-2032, interest 2.00-5.00% | 1,423,435 | - | (35,307) | 1,388,128 | 36,953 |
| 2019 State Revolving Fund Loan maturing through 10-1-2040 interest 2.50% | 3,676,103 | - | (150,000) | 3,526,103 | 150,000 |
| 2015 Capital Improvement Parking bonds maturing through 5-1-2035 interest 2.00%-3.00% | 9,245,000 | - | (515,000) | 8,730,000 | 535,000 |
| Land Contracts Payable due 4-1-2025, interest at 4.5% | 257,403 | - | (257,403) | - | - |
| | <u>\$ 18,957,865</u> | <u>\$ -</u> | <u>\$ (1,217,026)</u> | <u>\$ 17,740,839</u> | <u>\$ 987,127</u> |
| Component Unit: | | | | | |
| State Loan-Brownfield | <u>\$ 1,000,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,000,000</u> | <u>\$ 97,826</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS – Continued

E. Long-Term Debt – Continued

The annual debt service requirements to maturity for general obligation bonds outstanding as of June 30, 2022 are as follows:

| Year Ended | Governmental Activities | | Business-type Activities | |
|------------|-------------------------|---------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 811,495 | \$ 263,121 | \$ 976,767 | \$ 395,156 |
| 2024 | 824,356 | 249,129 | 1,005,091 | 374,450 |
| 2025 | 824,117 | 233,522 | 1,038,365 | 353,153 |
| 2026 | 841,644 | 216,780 | 1,092,190 | 331,062 |
| 2027 | 3,096,308 | 483,383 | 1,127,431 | 307,817 |
| 2028-2032 | 3,725,000 | 523,697 | 6,197,571 | 1,094,789 |
| 2033-2037 | 1,450,000 | 279,665 | 5,020,657 | 288,299 |
| 2038-2040 | 950,000 | 15,318 | 1,282,767 | 8,750 |
| | <u>\$ 12,522,920</u> | <u>\$ 2,264,615</u> | <u>\$ 17,740,839</u> | <u>\$ 3,153,476</u> |

| Year Ended | Component Unit-Brownfield | |
|------------|---------------------------|------------------|
| | Principal | Interest |
| 2023 | \$ 97,826 | \$ - |
| 2024 | 84,294 | 13,533 |
| 2025 | 85,558 | 12,268 |
| 2026 | 86,842 | 10,985 |
| 2027 | 88,144 | 9,682 |
| 2028-2032 | 460,955 | 28,177 |
| 2033 | 96,381 | 1,446 |
| | <u>\$ 1,000,000</u> | <u>\$ 76,091</u> |

F. Property Taxes

Property taxes are assessed as of each December 31. The City tax levy is billed on July 1 of the following year. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levy for the City is 20 mills. The City's tax levy for the 2021 tax roll is as follows (tax rate per \$1,000 of assessed valuation):

| | |
|--------------------|----------------------|
| General Operating | 12.5364 |
| Older Persons Comm | <u>.3164</u> |
| Total | <u>12.8528</u> mills |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

The City contributes to the Municipal Employees' Retirement System of Michigan (MERS), which is an agent multiple-employer defined benefit pension plan that covers all full time employees of the City. MERS was established by the Michigan Legislature in 1945 and is administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained at *mersofmich.com*.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all full-time employees at the City including union and non-union employees. Benefits are calculated as 2.5 percent of the employee's three-year final average compensation for administrative and police command employees, and five-year final average compensation for police patrol, dispatch, and public works employees, times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police employee benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

| | |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 54 |
| Inactive plan members entitled to but not yet receiving benefits | 11 |
| Active Plan Members | <u>31</u> |
| Total Employees covered by MERS | <u>96</u> |

Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended June 30, 2022, the average active employee contribution rate was 5 percent of gross wages for all employees except for Public Works employees who contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200.

Net Pension Liability

The net pension liability reported at June 30, 2022 was determined using a measure of the total pension liability and the plan net position as of December 31, 2021. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of that date. Changes in the net pension liability during the measurement year were as follows:

| <u>Changes in Net Pension Liability</u> | <u>Increase (Decrease)</u> | | |
|--|--------------------------------|--------------------------|------------------------------|
| | <u>Total Pension Liability</u> | <u>Plan Net Position</u> | <u>Net Pension Liability</u> |
| Balance at December 31, 2020 | \$ 26,138,488 | \$ 17,186,659 | \$ 8,951,829 |
| Service Cost | 309,900 | - | 309,900 |
| Interest | 1,939,702 | - | 1,939,702 |
| Contributions-Employer | - | 964,476 | (964,476) |
| Contributions-Employee | - | 131,653 | (131,653) |
| Net Investment Income | - | 2,402,758 | (2,402,758) |
| Differences between expected and actual experience | (827,715) | - | (827,715) |
| Change in assumptions | 983,624 | - | 983,624 |
| Benefit Payments, including refunds | (1,542,078) | (1,542,078) | - |
| Administrative Expenses | - | (27,559) | 27,559 |
| Net Changes | <u>863,433</u> | <u>1,929,250</u> | <u>(1,065,817)</u> |
| Balance at December 31, 2021 | <u>\$ 27,001,921</u> | <u>\$ 19,115,909</u> | <u>\$ 7,886,012</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the City recognized pension expense of (\$1,230,404). At June 30, 2022, the City reported deferred outflows of resources related to pensions from the following sources:

| <u>Source</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$ 1,698,735 | \$ 355,640 |
| Difference between expected and actual experience | 247,240 | 551,810 |
| Change in assumptions | 889,906 | - |
| Employer contributions to the plan subsequent to the measurement date | 514,224 | - |
| Total | <u>\$ 3,350,105</u> | <u>\$ 907,450</u> |

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$514,224), which will impact the net pension liability in fiscal year 2023, rather than pension expense.

| Years Ending <u>June 30</u> | <u>Amount</u> |
|--------------------------------|---------------|
| 2023 | \$ 722,320 |
| 2024 | 596,563 |
| 2025 | 386,635 |
| 2026 | 222,913 |

The net pension liability is generally liquidated by the General Fund.

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------|
| Inflation | 2.50% |
| Salary increases | 3.00% |
| Investment rate of return | 7.00% |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Mortality rates were based on the RP=2014 Healthy Annuitant Mortality Tables of a 50 percent male and 50 percent female blend with rates multiplied by 105%. For disabled retirees, the 50% Male and 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study in 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2021, the measurement date, for each major asset class are summarized in the following table:

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------|----------------------|--|
| Global Equity | 60% | 5.25% |
| Global Fixed Income | 20% | 1.25% |
| Private Investments | 20% | 7.25% |

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 11,055,241 | \$ 7,886,012 | \$ 5,229,510 |

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION - Continued

B. Defined Contribution Plan

The City of Rochester contributes to a defined contribution money purchase pension plan for employees not covered by the defined benefit plan. The plan is administered by the Michigan Municipal Employees' Retirement System (MERS) who sponsors the prototype plan. Amendments are developed by MERS and submitted to the City Council for approval.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Contributions made by the City for an employee vest immediately. During the year, the City's required and actual contributions amounted to \$284,895.

C. Other Postemployment Benefits

Plan Description

The City provides post-retirement health care insurance coverage to eligible employees and their spouses. This is a single-employer defined benefit plan administered by the City with funds held in trust at Morgan Stanley. Eligible employees include all non-union employees and their spouses hired before June 30, 2011, the Department of Public Works union employees hired before June 30, 2012, and the police union employees hired before September 30, 2011, who retire from the City. Employees hired after the listed dates receive a contribution to a health retirement account, but no post retirement healthcare benefit. Qualified employees are provided with 4% of the cost of single and/or spouse coverage premiums for each year of employment. Currently 35 retirees are receiving benefits. At the fund level, the expense is recognized by the City as the payments to the employees are made. The plan does not issue a separate financial report.

Benefits Provided

The City provides healthcare, including prescription drug and vision benefits for retirees and their spouses. Benefits are provided by a third-party insurer.

Employees Covered by Benefit Terms

At the June 30, 2022 valuation date, the following employees were covered by the benefit terms:

| | |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 35 |
| Inactive plan members entitled to but not yet receiving benefits | 2 |
| Active Plan Members | <u>26</u> |
| Total | <u>63</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

Contributions

Active service members are not required to make contributions to the plan. The City has no obligation to make contributions in advance but are being financed on a “pay-as-you-go” basis.

Summary of Significant Accounting Policies

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB (if applicable), and OPEB expenses, have been determined on the same basis as they are reported for the City. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The net OPEB liability has generally been liquidated from the General Fund.

Changes in Net OPEB Liability

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

| <u>Changes in Net OPEB Liability</u> | <u>Increase (Decrease)</u> | | |
|--------------------------------------|---------------------------------|------------------------------|---------------------------------------|
| | <u>Total OPEB Liability</u> | <u>Plan Net Position</u> | <u>Net OPEB Liability (Asset)</u> |
| Balance at July 1, 2021 | \$ 8,240,784 | \$ 15,176,292 | \$ (6,935,508) |
| Service Cost | 117,816 | - | 117,816 |
| Interest on total OPEB liability | 526,142 | - | 526,142 |
| Economic/demographic gains or losses | 352,254 | - | 352,254 |
| Assumption changes or inputs | (32,475) | - | (32,475) |
| Benefit Payments, including refunds | (536,661) | (536,661) | - |
| Employer Contributions | - | - | - |
| Net Investment Income | - | (2,029,006) | 2,029,006 |
| Net Changes | <u>427,076</u> | <u>(2,565,667)</u> | <u>2,992,743</u> |
| Balance at June 30, 2022 | <u>\$ 8,667,860</u> | <u>\$ 12,610,625</u> | <u>\$ (3,942,765)</u> |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

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

For the year ended June 30, 2022, the City recognized OPEB expense of (\$1,471,657). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net difference between projected and actual earnings on OPEB plan investments | \$ 843,978 | \$ - |
| Difference between expected and actual experience | 379,404 | 579,976 |
| Changes in assumptions | <u>81,301</u> | <u>1,106,914</u> |
| Total | <u>\$ 1,304,683</u> | <u>\$ 1,686,890</u> |

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

| Years Ending | | Amount |
|----------------|----|---------------|
| <u>June 30</u> | | <u>Amount</u> |
| 2023 | \$ | (729,993) |
| 2024 | | (377,589) |
| 2025 | | 125,717 |
| 2026 | | 599,658 |
| Thereafter | | - |

The net OPEB liability is generally liquidated by the General Fund.

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The following actuarial assumptions were applied:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry-age normal |
| Inflation | 2.35% |
| Salary Increases | 2.50% |
| Investment Rate of Return | 6.50% |
| Retirement Age | Qualified employees earn 4% for each year of employment, earning 100% after 25 years. Non-union full-time employees hired before June 30, 2011; DPW union employees hired before June 20, 2012; Police union employees hired before Sept. 20, 2011. |
| Mortality | Pub. 2010 General and Safety Mortality Tables with generational projection using MP-2020 |
| Health care trend rates | 7.25% initially grading to 4.5% in 2033 |

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% based on the expected return of assets expected to be available to pay plan benefits.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return as of the June 30, 2022 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Cash | 1.5% | 0.21% |
| US Core Fixed Income | 29.5% | 1.95% |
| US Large Cap Equity | 5.0% | 5.57% |
| US Large & Mid Cap Equity | 6.0% | 5.59% |
| US Large & Mid Cap Growth Equity | 9.0% | 5.75% |
| US Large & Mid Cap Value Equity | 10.0% | 5.43% |
| US Mid Cap Equity | 5.0% | 5.95% |
| US Small Cap Equity | 5.0% | 7.18% |
| Global Equity | 17.5% | 6.40% |
| US REITs | 11.5% | 6.27% |

CITY OF ROCHESTER
Notes to Financial Statements
June 30, 2022

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits – Continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|-------------------------------|---|---|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Net OPEB Liability (Asset) \$ | \$ <u> (2,817,372) </u> | \$ <u> (3,942,765) </u> | \$ <u> (4,870,804) </u> |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare trends rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|-------------------------------|---|---|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Net OPEB Liability (Asset) \$ | \$ <u> (4,841,111) </u> | \$ <u> (3,942,765) </u> | \$ <u> (2,936,062) </u> |

E. Risk Management

The City is exposed to risks of loss related to property loss, torts, and errors and omissions. The City has purchased commercial insurance for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCHESTER

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios

Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Pension Liability: | | | | | | | | |
| Service Cost | \$ 309,900 | \$ 342,986 | \$ 316,333 | \$ 322,028 | \$ 332,692 | \$ 358,452 | \$ 355,970 | \$ 353,366 |
| Interest | 1,939,702 | 1,786,077 | 1,762,704 | 1,702,299 | 1,698,731 | 1,673,973 | 1,772,275 | 1,524,423 |
| Differences between expected and actual experience | (827,715) | 741,718 | 159,890 | 187,108 | (584,932) | (353,679) | (246,693) | - |
| Change in assumptions | 983,624 | 702,469 | 719,908 | - | - | - | 893,559 | - |
| Benefit payments, including refunds | (1,542,078) | (1,528,549) | (1,481,350) | (1,425,722) | (1,367,383) | (1,345,409) | (1,395,122) | (1,436,489) |
| Net Change in Total Pension Liability | 863,433 | 2,044,701 | 1,477,485 | 785,713 | 79,108 | 333,337 | 1,379,989 | 441,300 |
| Total Pension Liability, Beginning of year | 26,138,488 | 24,093,787 | 22,616,302 | 21,830,589 | 21,751,481 | 21,418,144 | 20,038,155 | 19,596,855 |
| Total Pension Liability, End of year | \$ 27,001,921 | \$ 26,138,488 | \$ 24,093,787 | \$ 22,616,302 | \$ 21,830,589 | \$ 21,751,481 | \$ 21,418,144 | \$ 20,038,155 |
| Plan Fiduciary Net Position: | | | | | | | | |
| Contributions - Employer | \$ 964,476 | \$ 1,018,741 | \$ 943,236 | \$ 849,360 | \$ 712,556 | \$ 598,218 | \$ 533,424 | \$ 487,578 |
| Contributions - Employee | 131,653 | 146,753 | 139,072 | 139,001 | 181,767 | 167,656 | 169,204 | 160,405 |
| Net Investment Income (Loss) | 2,402,758 | 1,988,646 | 1,902,270 | (583,142) | 1,824,506 | 1,440,119 | (201,425) | 860,051 |
| Administrative Expenses | (27,559) | (31,265) | (32,769) | (29,129) | (28,677) | (28,745) | (29,920) | (31,456) |
| Benefit payments, including refunds | (1,542,078) | (1,528,549) | (1,481,350) | (1,425,722) | (1,367,383) | (1,345,409) | (1,395,122) | (1,436,489) |
| Net Change in Plan Fiduciary Net Position | 1,929,250 | 1,594,326 | 1,470,459 | (1,049,632) | 1,322,769 | 831,839 | (923,839) | 40,089 |
| Plan Fiduciary Net Position, Beg. of year | 17,186,659 | 15,592,333 | 14,121,874 | 15,171,506 | 13,848,737 | 13,016,898 | 13,940,737 | 13,900,648 |
| Plan Fiduciary Net Position, End of year | \$ 19,115,909 | \$ 17,186,659 | \$ 15,592,333 | \$ 14,121,874 | \$ 15,171,506 | \$ 13,848,737 | \$ 13,016,898 | \$ 13,940,737 |
| City's Net Pension Liability - Ending | \$ 7,886,012 | \$ 8,951,829 | \$ 8,501,454 | \$ 8,494,428 | \$ 6,659,083 | \$ 7,902,744 | \$ 8,401,246 | \$ 6,097,418 |
| Plan Fiduciary Net Position as a Percent of Total Pension Liability | 70.8% | 65.8% | 64.7% | 62.4% | 69.5% | 63.7% | 60.8% | 69.6% |
| Covered Payroll | \$ 2,584,529 | \$ 2,950,214 | \$ 2,717,358 | \$ 2,761,120 | \$ 2,842,863 | \$ 3,079,953 | \$ 3,076,971 | \$ 3,052,455 |
| City's Net Pension Liability as a Percent of Covered Payroll | 305.1% | 303.4% | 312.9% | 307.6% | 234.2% | 256.6% | 273.0% | 199.8% |

CITY OF ROCHESTER
Required Supplemental Information
Schedule of City Pension Contributions
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 964,476 | \$ 900,504 | \$ 820,968 | \$ 825,238 | \$ 781,716 | \$ 641,904 | \$ 554,532 | \$ 512,316 | \$ 462,840 | \$ 418,456 |
| Contributions in relation to the actuarially determined contribution | 964,476 | 900,504 | 820,968 | 917,134 | 781,716 | 641,904 | 554,532 | 512,316 | 462,840 | 418,456 |
| Contribution Excess (Deficiency) | \$ - | \$ - | \$ - | \$ 91,896 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 2,584,529 | \$ 2,717,358 | \$ 2,842,863 | \$ 2,761,120 | \$ 3,772,457 | \$ 3,079,953 | \$ 3,076,971 | \$ 3,121,445 | \$ 3,411,044 | \$ 3,337,673 |
| Contributions as a Percentage of Covered Payroll | 37.3% | 33.1% | 28.9% | 33.2% | 20.7% | 20.8% | 18.0% | 16.4% | 13.6% | 12.5% |

Actuarial valuation information relative to the determination of contributions:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry-age normal |
| Amortization Method | Level percentage of pay, open |
| Remaining Amortization Period | 11 years |
| Asset Valuation Method | 5 year smoothed market |
| Inflation | 2.50% |
| Salary Increases | 3.00% including inflation |
| Investment Rate of Return | 7.00% |
| Retirement Age | Experience based tables of rates that are specific to the type of eligibility condition |
| Mortality | 50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables |

CITY OF ROCHESTER
Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
| Total OPEB Liability: | | | | | |
| Service Cost | \$ 117,816 | \$ 132,796 | \$ 174,670 | \$ 162,923 | \$ 247,723 |
| Interest | 526,142 | 735,804 | 690,629 | 770,548 | 750,537 |
| Effect of economic/demographic gains/losses | 352,254 | (1,290,426) | (11,834) | 128,819 | (1,974,314) |
| Change in assumptions | (32,475) | (2,208,682) | 386,182 | (1,912,206) | 1,790,879 |
| Benefit payments, including refunds | (536,661) | (622,139) | (387,106) | (395,480) | (448,038) |
| Net Change in Total Pension Liability | <u>427,076</u> | <u>(3,252,647)</u> | <u>852,541</u> | <u>(1,245,396)</u> | <u>366,787</u> |
| Total OPEB Liability, Beginning of year | <u>8,240,784</u> | <u>11,493,431</u> | <u>10,640,890</u> | <u>11,886,286</u> | <u>11,519,499</u> |
| Total OPEB Liability, End of year | <u>\$ 8,667,860</u> | <u>\$ 8,240,784</u> | <u>\$ 11,493,431</u> | <u>\$ 10,640,890</u> | <u>\$ 11,886,286</u> |
| Plan Fiduciary Net Position: | | | | | |
| Contributions - Employer | \$ - | \$ - | \$ 95,668 | \$ 395,480 | \$ 448,038 |
| Net Investment Income (Loss) | (2,029,006) | 3,373,981 | 814,599 | 645,385 | 1,075,854 |
| Benefit payments, including refunds | (536,661) | (622,139) | (387,106) | (395,480) | (448,038) |
| Net Change in Plan Fiduciary Net Position | <u>(2,565,667)</u> | <u>2,751,842</u> | <u>523,161</u> | <u>645,385</u> | <u>1,075,854</u> |
| Plan Fiduciary Net Position, Beginning of year | <u>15,176,292</u> | <u>12,424,450</u> | <u>11,901,289</u> | <u>11,255,904</u> | <u>10,180,050</u> |
| Plan Fiduciary Net Position, End of year | <u>\$ 12,610,625</u> | <u>\$ 15,176,292</u> | <u>\$ 12,424,450</u> | <u>\$ 11,901,289</u> | <u>\$ 11,255,904</u> |
| City's Net OPEB Liability(Asset) - Ending | <u>\$ (3,942,765)</u> | <u>\$ (6,935,508)</u> | <u>\$ (931,019)</u> | <u>\$ (1,260,399)</u> | <u>\$ 630,382</u> |
| Plan Fiduciary Net Position as a Percent of Total OPEB Liability | 145.5% | 184.2% | 108.1% | 111.8% | 94.7% |
| Covered Employee Payroll | n/a | n/a | n/a | n/a | n/a |
| City's Net OPEB Liability as a Percent of Covered Employee Payroll | n/a | n/a | n/a | n/a | n/a |

CITY OF ROCHESTER
Required Supplemental Information
Schedule of City OPEB Contributions
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|------|------|-------------|--------------|--------------|--------------|------------|------------|------------|------------|
| Actuarially determined contribution | \$ - | \$ - | \$ 65,068 | \$ 121,812 | \$ 378,428 | \$ 350,280 | \$ 324,867 | \$ 233,387 | \$ 182,833 | \$ 232,880 |
| Contributions in relation to the actuarially determined contribution | - | - | - | - | 220,850 | 205,587 | 377,261 | 446,725 | 483,440 | 373,230 |
| Contribution Excess (Deficiency) | \$ - | \$ - | \$ (65,068) | \$ (121,812) | \$ (157,578) | \$ (144,693) | \$ 52,394 | \$ 213,338 | \$ 300,607 | \$ 140,350 |
| Covered Employee Payroll | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Contributions as a Percentage of Covered Employee Payroll | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of June 30 each year.

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------|--|
| Actuarial Cost Method | Entry-age normal |
| Inflation | 2.35% |
| Healthcare cost trend rates | 7.25 percent, gradually decreasing to 4.5 percent in year 2033 |
| Investment Rate of Return | 6.50% |
| Retirement Age | Experience based tables of rates that are specific to the type of eligibility condition |
| Mortality | Pub. 2010 General and Safety Mortality Tables with generational projection using MP-2020 |

CITY OF ROCHESTER
Required Supplemental Information
OPEB Plan - Schedule of Investment Returns
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | -13.63% | 27.90% | 6.92% | 5.73% | 10.57% |

CITY OF ROCHESTER
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| General Property Taxes | \$ 9,620,000 | \$ 9,975,776 | \$ 10,200,353 | \$ 224,577 |
| Licenses and Permits | 322,468 | 321,395 | 411,161 | 89,766 |
| Intergovernmental - Federal, State and Local | 2,207,298 | 2,773,462 | 2,640,265 | (133,197) |
| Charges for Services | 1,983,835 | 1,991,268 | 2,037,908 | 46,640 |
| Franchise Fees | 250,000 | 250,000 | 232,940 | (17,060) |
| Fines | 97,773 | 97,773 | 86,509 | (11,264) |
| Interest | 50,000 | 20,254 | 26,058 | 5,804 |
| Reimbursements | 93,789 | 76,913 | 80,739 | 3,826 |
| Other Revenues | 51,998 | 61,191 | 117,500 | 56,309 |
| Total Revenues | <u>14,677,161</u> | <u>15,568,032</u> | <u>15,833,433</u> | <u>265,401</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| City Council | 80,198 | 80,198 | 69,487 | 10,711 |
| City Manager | 475,732 | 518,563 | 563,455 | (44,892) |
| Elections | 40,046 | 40,046 | 24,822 | 15,224 |
| Finance | 743,870 | 755,697 | 752,529 | 3,168 |
| City Clerk | 177,664 | 177,080 | 183,017 | (5,937) |
| Board of Review | 1,944 | 1,944 | 1,706 | 238 |
| Civic Center | 71,837 | 71,837 | 72,460 | (623) |
| Other General Services | 388,520 | 496,688 | 433,814 | 62,874 |
| Total General Government | <u>1,979,811</u> | <u>2,142,053</u> | <u>2,101,290</u> | <u>40,763</u> |
| Public Safety: | | | | |
| Police | 4,029,318 | 4,029,318 | 4,098,058 | (68,740) |
| Fire | 2,492,120 | 2,612,609 | 2,637,055 | (24,446) |
| Protective Inspections | 391,129 | 393,237 | 367,703 | 25,534 |
| Total Public Safety | <u>6,912,567</u> | <u>7,035,164</u> | <u>7,102,816</u> | <u>(67,652)</u> |
| Community Development: | | | | |
| Planning Commission | 55,744 | 55,744 | 67,284 | (11,540) |
| Zoning Board of Appeals | 1,050 | 1,050 | 1,421 | (371) |
| Total Community Development | <u>56,794</u> | <u>56,794</u> | <u>68,705</u> | <u>(11,911)</u> |
| Public Works: | | | | |
| Department of Public Works | 2,073,133 | 2,073,177 | 2,056,012 | 17,165 |
| Sanitation | 761,326 | 771,096 | 807,424 | (36,328) |
| Environmental Services | 255,557 | 255,557 | 279,347 | (23,790) |
| Total Public Works | <u>3,090,016</u> | <u>3,099,830</u> | <u>3,142,783</u> | <u>(42,953)</u> |
| Recreation and Cultural: | | | | |
| Parks and Recreation | 398,103 | 450,103 | 361,527 | 88,576 |
| Library | 514,299 | 514,299 | 543,458 | (29,159) |
| Older Persons Commission | 63,114 | 65,605 | - | 65,605 |
| Historical Commission | - | 17,100 | 16,888 | 212 |
| City Beautiful Commission | 13,500 | 6,000 | 7,513 | (1,513) |
| Total Recreation and Cultural | <u>989,016</u> | <u>1,053,107</u> | <u>929,386</u> | <u>123,721</u> |
| Capital Outlay | - | 44,915 | 44,915 | - |
| Total Expenditures | <u>13,028,204</u> | <u>13,431,863</u> | <u>13,389,895</u> | <u>41,968</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,648,957</u> | <u>2,136,169</u> | <u>2,443,538</u> | <u>307,369</u> |
| Other Financing Uses: | | | | |
| Transfers Out | (1,987,832) | (2,684,169) | (2,684,169) | - |
| Total Other Financing Uses | <u>(1,987,832)</u> | <u>(2,684,169)</u> | <u>(2,684,169)</u> | <u>-</u> |
| Change in Fund Balance | (338,875) | (548,000) | (240,631) | 307,369 |
| Fund Balance - July 1 | <u>7,651,337</u> | <u>7,651,337</u> | <u>7,651,337</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 7,312,462</u> | <u>\$ 7,103,337</u> | <u>\$ 7,410,706</u> | <u>\$ 307,369</u> |

CITY OF ROCHESTER
Major Streets Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------------|-------------------|---------------------|---------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| State | \$ 872,125 | \$ 872,125 | \$ 1,016,842 | \$ 144,717 |
| Interest | 500 | 500 | 1,524 | 1,024 |
| Other | 9,364 | 9,364 | 47,371 | 38,007 |
| Total Revenues | <u>881,989</u> | <u>881,989</u> | <u>1,065,737</u> | <u>183,748</u> |
| Expenditures: | | | | |
| Highways and Streets: | | | | |
| General Administration | 329,762 | 329,762 | 337,154 | (7,392) |
| Street Maintenance | 256,089 | 256,089 | 199,113 | 56,976 |
| Street Construction | 290,432 | 630,503 | 360,807 | 269,696 |
| Traffic Services | 52,106 | 52,106 | 19,310 | 32,796 |
| Winter Maintenance | 112,532 | 112,532 | 97,918 | 14,614 |
| Total Expenditures | <u>1,040,921</u> | <u>1,380,992</u> | <u>1,014,302</u> | <u>366,690</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(158,932)</u> | <u>(499,003)</u> | <u>51,435</u> | <u>550,438</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>-</u> | <u>-</u> | <u>208,713</u> | <u>208,713</u> |
| Net Change in Fund Balance | (158,932) | (499,003) | 260,148 | 759,151 |
| Fund Balance - July 1 | <u>1,140,406</u> | <u>1,140,406</u> | <u>1,140,406</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 981,474</u> | <u>\$ 641,403</u> | <u>\$ 1,400,554</u> | <u>\$ 759,151</u> |

CITY OF ROCHESTER
Local Streets Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| State | \$ 408,000 | \$ 408,000 | \$ 457,277 | \$ 49,277 |
| Special Assessments | 50,808 | 50,808 | 73,642 | 22,834 |
| Interest | 500 | 500 | 2,489 | 1,989 |
| Other | 1,032 | 1,032 | 5,729 | 4,697 |
| Total Revenues | <u>460,340</u> | <u>460,340</u> | <u>539,137</u> | <u>78,797</u> |
| Expenditures: | | | | |
| Highways and Streets: | | | | |
| General Administration | 627,932 | 627,932 | 623,423 | 4,509 |
| Street Maintenance | 243,910 | 243,910 | 201,528 | 42,382 |
| Street Construction | 1,206,380 | 1,298,280 | 273,325 | 1,024,955 |
| Traffic Services | 34,405 | 34,405 | 2,580 | 31,825 |
| Winter Maintenance | 92,687 | 92,687 | 82,732 | 9,955 |
| Total Expenditures | <u>2,205,314</u> | <u>2,297,214</u> | <u>1,183,588</u> | <u>1,113,626</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(1,744,974)</u> | <u>(1,836,874)</u> | <u>(644,451)</u> | <u>1,192,423</u> |
| Other Financing Sources: | | | | |
| Transfers In | <u>1,246,397</u> | <u>1,901,027</u> | <u>1,246,397</u> | <u>(654,630)</u> |
| Net Change in Fund Balance | (498,577) | 64,153 | 601,946 | 537,793 |
| Fund Balance - July 1 | <u>2,718,884</u> | <u>2,718,884</u> | <u>2,718,884</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 2,220,307</u> | <u>\$ 2,783,037</u> | <u>\$ 3,320,830</u> | <u>\$ 537,793</u> |

CITY OF ROCHESTER
Downtown Development Authority Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property Taxes | \$ 1,650,000 | \$ 1,650,000 | \$ 1,702,933 | \$ 52,933 |
| State Shared Revenue | 40,000 | 40,000 | 62,361 | 22,361 |
| Charges for Services | 63,238 | 63,238 | 62,698 | (540) |
| Interest | - | - | 2,829 | 2,829 |
| Other | 1,040 | 1,040 | 7,707 | 6,667 |
| Total Revenues | <u>1,754,278</u> | <u>1,754,278</u> | <u>1,838,528</u> | <u>84,250</u> |
| Expenditures: | | | | |
| Community Development: | | | | |
| Downtown Development | <u>1,218,958</u> | <u>1,400,200</u> | <u>1,155,400</u> | <u>244,800</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>535,320</u> | <u>354,078</u> | <u>683,128</u> | <u>329,050</u> |
| Other Financing Uses: | | | | |
| Transfers Out | <u>(535,320)</u> | <u>(603,872)</u> | <u>(370,877)</u> | <u>232,995</u> |
| Net Change in Fund Balance | - | (249,794) | 312,251 | 562,045 |
| Fund Balance - July 1 | <u>735,477</u> | <u>735,477</u> | <u>735,477</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 735,477</u> | <u>\$ 485,683</u> | <u>\$ 1,047,728</u> | <u>\$ 562,045</u> |

CITY OF ROCHESTER
Notes to Required Supplementary Information
June 30, 2022

Note A – Compliance and Accountability

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and Special Revenue Funds, except that fund balance appropriations and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

The annual budget is prepared by the City management and adopted by the City Council. The City adopts its General Fund budget and Special Revenue Fund budgets by budgetary center (major activity or function). This is in accordance with the State's legal requirement and is the level of classification detail at which, by law, expenditures may not exceed appropriations. The budget may be amended during the year by approval of City Council.

The City Manager and/or Finance Director is authorized to transfer budgeted amounts within budgetary centers. Any revisions that will require additional appropriations from fund balance or a change in the overall appropriation as originally adopted, will require approval of the City Council.

At any meeting after the adoption of the appropriation resolution, the City Council may amend such resolution to authorize the transfer of unused balances appropriated for one purpose to another purpose. A formal budget amendment request is prepared by the finance director and submitted to City Council for approval.

Budgeted amounts of the revenues and expenditures presented for the General and Special Revenue Funds are reported as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ROCHESTER
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

| | <u>Special Revenue</u> | <u>2013 G.O. Refunding Bonds Debt Service</u> | <u>Facilities and Capital Bond Debt Service</u> | <u>Capital Projects General</u> |
|--|----------------------------|---|---|---|
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$ <u>1,012,669</u> | \$ <u>22,757</u> | \$ <u>-</u> | \$ <u>299,631</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 6,568 | \$ - | \$ - | \$ 3,262 |
| Accrued Liabilities | <u>79,053</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>85,621</u> | <u>-</u> | <u>-</u> | <u>3,262</u> |
| Fund Balance: | | | | |
| Restricted for : | | | | |
| Cemetery | 895,703 | - | - | - |
| Law Enforcement Programs | 31,345 | - | - | - |
| Debt Service | - | 22,757 | - | - |
| Capital Projects | <u>-</u> | <u>-</u> | <u>-</u> | <u>296,369</u> |
| Total Fund Balance | <u>927,048</u> | <u>22,757</u> | <u>-</u> | <u>296,369</u> |
| Total Liabilities and Fund Balance | \$ <u>1,012,669</u> | \$ <u>22,757</u> | \$ <u>-</u> | \$ <u>299,631</u> |

| <u>Facilities and Capital Construction</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|--|
| \$ <u>680,468</u> | \$ <u>2,015,525</u> |
| | |
| \$ 3,000 | \$ 12,830 |
| <u>-</u> | <u>79,053</u> |
| <u>3,000</u> | <u>91,883</u> |
| | |
| - | 895,703 |
| - | 31,345 |
| - | 22,757 |
| <u>677,468</u> | <u>973,837</u> |
| <u>677,468</u> | <u>1,923,642</u> |
| | |
| \$ <u>680,468</u> | \$ <u>2,015,525</u> |

CITY OF ROCHESTER
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

| | <u>Special Revenue</u> | <u>Debt Service</u> | | <u>Capital Project</u> |
|--|----------------------------|---|---|---|
| | | <u>2013 G.O. Refunding Bonds Debt Service</u> | <u>Facilities and Capital Bond Debt Service</u> | <u>Capital Projects General</u> |
| Revenues: | | | | |
| Charges for Services | \$ 801,801 | \$ - | \$ - | \$ - |
| Interest | 561 | - | - | 722 |
| Other | 29,434 | - | - | 100 |
| Total Revenues | <u>831,796</u> | <u>-</u> | <u>-</u> | <u>822</u> |
| Expenditures: | | | | |
| Public Safety | 29,434 | - | - | - |
| Community Development | 735,384 | - | - | - |
| Recreation and Cultural | 170,669 | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | 170,000 | - |
| Interest and Other Charges | - | - | 155,181 | - |
| Capital Outlay | - | - | - | 10,133 |
| Total Expenditures | <u>935,487</u> | <u>-</u> | <u>325,181</u> | <u>10,133</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(103,691)</u> | <u>-</u> | <u>(325,181)</u> | <u>(9,311)</u> |
| Other Financing Sources: | | | | |
| Transfers In | 104,887 | - | 325,181 | - |
| Total Other Financing Sources | <u>104,887</u> | <u>-</u> | <u>325,181</u> | <u>-</u> |
| Change in Fund Balances | 1,196 | - | - | (9,311) |
| Fund Balances - July 1 | <u>925,852</u> | <u>22,757</u> | <u>-</u> | <u>305,680</u> |
| Fund Balances - June 30 | <u>\$ 927,048</u> | <u>\$ 22,757</u> | <u>\$ -</u> | <u>\$ 296,369</u> |

| <u>Capital Project Facilities and Capital Construction</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|--|
| \$ - | \$ 801,801 |
| 1,567 | 2,850 |
| 72,405 | 101,939 |
| <u>73,972</u> | <u>906,590</u> |
| - | 29,434 |
| - | 735,384 |
| - | 170,669 |
| - | 170,000 |
| - | 155,181 |
| 60,170 | 70,303 |
| <u>60,170</u> | <u>1,330,971</u> |
| <u>13,802</u> | <u>(424,381)</u> |
| - | 430,068 |
| <u>-</u> | <u>430,068</u> |
| 13,802 | 5,687 |
| <u>663,666</u> | <u>1,917,955</u> |
| \$ <u><u>677,468</u></u> | \$ <u><u>1,923,642</u></u> |

CITY OF ROCHESTER
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2022

| | <u>Cemetery</u> | <u>Drug Law Enforcement</u> | <u>Community Development Block Grant</u> | <u>Principal Shopping District</u> | <u>Total</u> |
|-------------------------------------|-------------------|-----------------------------|--|------------------------------------|---------------------|
| ASSETS | | | | | |
| Cash | \$ 902,271 | \$ 31,345 | \$ - | \$ 79,053 | \$ 1,012,669 |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 6,568 | \$ - | \$ - | \$ - | \$ 6,568 |
| Accrued Liabilities | - | - | - | 79,053 | 79,053 |
| Total Liabilities | <u>6,568</u> | <u>-</u> | <u>-</u> | <u>79,053</u> | <u>85,621</u> |
| Fund Balance: | | | | | |
| Restricted for: | | | | | |
| Cemetery | 895,703 | - | - | - | 895,703 |
| Law Enforcement Programs | - | 31,345 | - | - | 31,345 |
| Principal Shopping District | - | - | - | - | - |
| Total Fund Balance | <u>895,703</u> | <u>31,345</u> | <u>-</u> | <u>-</u> | <u>927,048</u> |
| Total Liabilities and Fund Balance | <u>\$ 902,271</u> | <u>\$ 31,345</u> | <u>\$ -</u> | <u>\$ 79,053</u> | <u>\$ 1,012,669</u> |

CITY OF ROCHESTER
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022

| | <u>Cemetery</u> | <u>Drug Law Enforcement</u> | <u>Community Development Block Grant</u> | <u>Principal Shopping District</u> | <u>Total</u> |
|---|-----------------|-----------------------------|--|------------------------------------|--------------|
| Revenues: | | | | | |
| Intergovernmental-Federal | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for Services | 113,088 | - | - | 688,713 | 801,801 |
| Interest Earned | 324 | - | - | 237 | 561 |
| Other | - | 29,434 | - | - | 29,434 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | 113,412 | 29,434 | - | 688,950 | 831,796 |
| Expenditures: | | | | | |
| Public Safety | - | 29,434 | - | - | 29,434 |
| Community Development | - | - | - | 735,384 | 735,384 |
| Recreation and Cultural | 170,669 | - | - | - | 170,669 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 170,669 | 29,434 | - | 735,384 | 935,487 |
| Excess (Deficiency) of Revenues Over Expenditures | (57,257) | - | - | (46,434) | (103,691) |
| Other Financing Sources: | | | | | |
| Transfers In | 104,887 | - | - | - | 104,887 |
| Total Other Financing Sources | 104,887 | - | - | - | 104,887 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net Change in Fund Balance | 47,630 | - | - | (46,434) | 1,196 |
| Fund Balance - July 1 | 848,073 | 31,345 | - | 46,434 | 925,852 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund Balance - June 30 | \$ 895,703 | \$ 31,345 | \$ - | \$ - | \$ 927,048 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CITY OF ROCHESTER
Cemetery Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Charges for Services | \$ 73,733 | \$ 73,733 | \$ 113,088 | \$ 39,355 |
| Interest | 500 | 500 | 324 | (176) |
| Total Revenues | <u>74,233</u> | <u>74,233</u> | <u>113,412</u> | <u>39,179</u> |
| Expenditures: | | | | |
| Cemetery Maintenance | <u>179,120</u> | <u>179,120</u> | <u>170,669</u> | <u>8,451</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(104,887)</u> | <u>(104,887)</u> | <u>(57,257)</u> | <u>47,630</u> |
| Other Financing Sources: | | | | |
| Transfers In | <u>104,887</u> | <u>104,887</u> | <u>104,887</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | 47,630 | 47,630 |
| Fund Balance - July 1 | <u>848,073</u> | <u>848,073</u> | <u>848,073</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 848,073</u> | <u>\$ 848,073</u> | <u>\$ 895,703</u> | <u>\$ 47,630</u> |

CITY OF ROCHESTER
Drug Law Enforcement Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|----------------------------|-------------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Other Revenues | \$ 43,312 | \$ 43,312 | \$ 29,434 | \$ (13,878) |
| Expenditures: | | | | |
| Public Safety | 43,312 | 43,312 | 29,434 | 13,878 |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - July 1 | 31,345 | 31,345 | 31,345 | - |
| Fund Balance - June 30 | \$ <u>31,345</u> | \$ <u>31,345</u> | \$ <u>31,345</u> | \$ <u>-</u> |

CITY OF ROCHESTER
Community Development Block Grant Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|----------------------------|-------------------------|---------------|---------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal Grants | \$ 26,010 | \$ 26,010 | \$ - | \$ (26,010) |
| Expenditures: | | | | |
| Community Development | 25,781 | 25,781 | - | 25,781 |
| Net Change in Fund Balance | 229 | 229 | - | (229) |
| Fund Balance - July 1 | - | - | - | - |
| Fund Balance - June 30 | \$ <u>229</u> | \$ <u>229</u> | \$ <u>-</u> | \$ <u>(229)</u> |

CITY OF ROCHESTER
Principal Shopping District Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|----------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Charges for Services | \$ 731,286 | \$ 731,286 | \$ 688,713 | \$ (42,573) |
| Interest | - | - | 237 | 237 |
| Total Revenues | <u>731,286</u> | <u>731,286</u> | <u>688,950</u> | <u>(42,336)</u> |
| Expenditures: | | | | |
| Community Promotions | 736,126 | 736,126 | 735,384 | 742 |
| Total Expenditures | <u>736,126</u> | <u>736,126</u> | <u>735,384</u> | <u>742</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (4,840) | (4,840) | (46,434) | (41,594) |
| Fund Balance - July 1 | <u>46,434</u> | <u>46,434</u> | <u>46,434</u> | <u>-</u> |
| Fund Balance - June 30 | <u>\$ 41,594</u> | <u>\$ 41,594</u> | <u>\$ -</u> | <u>\$ (41,594)</u> |

CITY OF ROCHESTER
Internal Service Funds
Combining Statement of Net Position
June 30, 2022

| | <u>Facilities Fund</u> | <u>Equipment Fund</u> | <u>Insurance Fund</u> | <u>Total</u> |
|---|----------------------------|---------------------------|---------------------------|---------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 410,976 | \$ 628,429 | \$ 558,734 | \$ 1,598,139 |
| Accounts Receivable | - | - | 5,699 | 5,699 |
| Total Current Assets | <u>410,976</u> | <u>628,429</u> | <u>564,433</u> | <u>1,603,838</u> |
| Noncurrent Assets: | | | | |
| Capital Assets | - | 10,224,015 | - | 10,224,015 |
| Less: Accumulated Depreciation | - | <u>(5,286,841)</u> | - | <u>(5,286,841)</u> |
| Net Capital Assets | - | <u>4,937,174</u> | - | <u>4,937,174</u> |
| Total Noncurrent Assets | - | <u>4,937,174</u> | - | <u>4,937,174</u> |
| Total Assets | <u>\$ 410,976</u> | <u>\$ 5,565,603</u> | <u>\$ 564,433</u> | <u>\$ 6,541,012</u> |
| LIABILITIES AND NET POSITION | | | | |
| Current Liabilities (Payable from Current Assets): | | | | |
| Accounts Payable | \$ 36,419 | \$ 8,273 | \$ - | \$ 44,692 |
| Current Portion of Contracts Payable | - | 86,495 | - | 86,495 |
| Total Current Liabilities (Payable from Current Assets) | <u>36,419</u> | <u>94,768</u> | - | <u>131,187</u> |
| Noncurrent Liabilities: | | | | |
| Contracts Payable (net of current portion) | - | 286,425 | - | 286,425 |
| Total Noncurrent Liabilities | - | <u>286,425</u> | - | <u>286,425</u> |
| Total Liabilities | <u>36,419</u> | <u>381,193</u> | - | <u>417,612</u> |
| NET POSITION: | | | | |
| Net Investment in Capital Assets | - | 4,564,254 | - | 4,564,254 |
| Unrestricted | <u>374,557</u> | <u>620,156</u> | <u>564,433</u> | <u>1,559,146</u> |
| Total Net Position | <u>374,557</u> | <u>5,184,410</u> | <u>564,433</u> | <u>6,123,400</u> |
| Total Liabilities and Net Position | <u>\$ 410,976</u> | <u>\$ 5,565,603</u> | <u>\$ 564,433</u> | <u>\$ 6,541,012</u> |

CITY OF ROCHESTER
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

| | <u>Facilities Fund</u> | <u>Equipment Fund</u> | <u>Insurance Fund</u> | <u>Total</u> |
|--|----------------------------|---------------------------|---------------------------|---------------------|
| <u>Operating Revenues:</u> | | | | |
| Charges for Services | \$ - | \$ 1,375,558 | \$ - | \$ 1,375,558 |
| Other Operating Revenue | - | - | 1,411,659 | 1,411,659 |
| Total Operating Revenues | <u>-</u> | <u>1,375,558</u> | <u>1,411,659</u> | <u>2,787,217</u> |
| <u>Operating Expenses:</u> | | | | |
| Administrative | - | 258,044 | 1,206,387 | 1,464,431 |
| Operation and Maintenance | 277,649 | 407,678 | - | 685,327 |
| Depreciation | - | 420,534 | - | 420,534 |
| Total Operating Expenses | <u>277,649</u> | <u>1,086,256</u> | <u>1,206,387</u> | <u>2,570,292</u> |
| Operating Income (Loss) | <u>(277,649)</u> | <u>289,302</u> | <u>205,272</u> | <u>216,925</u> |
| <u>Non-Operating Revenues (Expenses):</u> | | | | |
| Interest Earned | - | 340 | 579 | 919 |
| Interest Expense | - | (14,841) | - | (14,841) |
| Total Non-Operating Revenues (Expenses) | <u>-</u> | <u>(14,501)</u> | <u>579</u> | <u>(13,922)</u> |
| Income (Loss) before Contributions and Transfers | (277,649) | 274,801 | 205,851 | 203,003 |
| Transfers In | <u>311,867</u> | <u>-</u> | <u>-</u> | <u>311,867</u> |
| Change in Net Position | 34,218 | 274,801 | 205,851 | 514,870 |
| Net Position, Beginning | <u>340,339</u> | <u>4,909,609</u> | <u>358,582</u> | <u>5,608,530</u> |
| Net Position, Ending | <u>\$ 374,557</u> | <u>\$ 5,184,410</u> | <u>\$ 564,433</u> | <u>\$ 6,123,400</u> |

CITY OF ROCHESTER
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

| | <u>Facilities Fund</u> | <u>Equipment Fund</u> | <u>Insurance Fund</u> | <u>Total</u> |
|---|----------------------------|---------------------------|---------------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | |
| Receipts from customers and users | \$ - | \$ 1,375,558 | \$ 1,408,435 | \$ 2,783,993 |
| Payments to suppliers | <u>(255,337)</u> | <u>(745,990)</u> | <u>(1,206,387)</u> | <u>(2,207,714)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(255,337)</u> | <u>629,568</u> | <u>202,048</u> | <u>576,279</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | | |
| Transfers from other funds | <u>311,867</u> | <u>-</u> | <u>-</u> | <u>311,867</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | | |
| Principal Paid on Debt | - | (83,727) | - | (83,727) |
| Interest Paid on Debt | - | (14,841) | - | (14,841) |
| Acquisition and Construction of Capital Assets | - | (405,040) | - | (405,040) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>-</u> | <u>(503,608)</u> | <u>-</u> | <u>(503,608)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | | |
| Interest Earned | <u>-</u> | <u>340</u> | <u>579</u> | <u>919</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 56,530 | 126,300 | 202,627 | 385,457 |
| Cash and Cash Equivalents, Beginning | <u>354,446</u> | <u>502,129</u> | <u>356,107</u> | <u>1,212,682</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 410,976</u> | <u>\$ 628,429</u> | <u>\$ 558,734</u> | <u>\$ 1,598,139</u> |
| <u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u> | | | | |
| Operating Income (Loss) | \$ (277,649) | \$ 289,302 | \$ 205,272 | \$ 216,925 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation and Amortization Expense | - | 420,534 | - | 420,534 |
| (Increase) Decrease in Receivables | - | - | (3,224) | (3,224) |
| Increase (Decrease) in Accounts Payable | 22,312 | (80,268) | - | (57,956) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (255,337)</u> | <u>\$ 629,568</u> | <u>\$ 202,048</u> | <u>\$ 576,279</u> |

STATISTICAL SECTION

This part of the City of Rochester's comprehensive financial report represents 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.

| | <u>Pages</u> |
|---|--------------|
| 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. | 74-78 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes. | 79-82 |
| Debt Capacity These schedules present 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. | 83-86 |
| 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 with other governments. | 87-88 |
| Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 89-91 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
City of Rochester
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 27,759,036 | \$ 27,993,706 | \$ 27,341,023 | \$ 26,003,945 | \$ 25,214,172 | \$ 23,621,214 | \$ 22,664,567 | \$ 18,128,349 | \$ 12,293,252 | \$ 11,570,140 |
| Restricted | 6,021,594 | 5,600,442 | 4,750,756 | 4,101,508 | 4,704,637 | 5,590,692 | 5,118,915 | 8,328,892 | 5,849,056 | 7,029,088 |
| Unrestricted | 9,622,722 | 9,810,968 | 4,450,219 | 3,771,767 | 1,410,283 | (254,309) | 517,540 | 984,344 | 3,473,055 | 6,404,519 |
| Total Governmental Activities Net Position | 43,403,352 | 43,405,116 | 36,541,998 | 33,877,220 | 31,329,092 | 28,957,597 | 28,301,022 | 27,441,585 | 21,615,363 | 25,003,747 |
| Business-type Activities: | | | | | | | | | | |
| Net investment in capital assets | 15,804,455 | 16,051,230 | 16,875,475 | 17,436,853 | 18,169,611 | 17,613,694 | 17,835,538 | 17,596,625 | 18,188,196 | 24,324,740 |
| Restricted | 6,139,933 | 4,432,075 | 2,704,505 | 2,111,815 | 1,436,649 | 2,318,104 | 2,818,349 | 2,928,261 | 2,301,492 | 1,950,841 |
| Unrestricted | 1,771,314 | 1,762,558 | 1,859,305 | 1,847,539 | 2,198,785 | 2,291,917 | 2,482,948 | 2,650,665 | 3,280,580 | 3,575,714 |
| Total Business-type Activities Net Position | 23,715,702 | 22,245,863 | 21,439,285 | 21,396,207 | 21,805,045 | 22,223,715 | 23,136,835 | 23,175,551 | 23,770,268 | 29,851,295 |
| Primary Government: | | | | | | | | | | |
| Net investment in capital assets | 43,563,491 | 44,044,936 | 44,216,498 | 43,440,798 | 43,383,783 | 41,234,908 | 40,500,105 | 35,724,974 | 30,481,448 | 35,894,880 |
| Restricted | 12,161,527 | 10,032,517 | 7,455,261 | 6,213,323 | 6,141,286 | 7,908,796 | 7,937,264 | 11,257,153 | 8,150,548 | 8,979,929 |
| Unrestricted | 11,394,036 | 11,573,526 | 6,309,524 | 5,619,306 | 3,609,068 | 2,037,608 | 3,000,488 | 3,635,009 | 6,753,635 | 9,980,233 |
| Total Primary Government Net Position | 67,119,054 | 65,650,979 | 57,981,283 | 55,273,427 | 53,134,137 | 51,181,312 | 51,437,857 | 50,617,136 | 45,385,631 | 54,855,042 |

Schedule 2
City of Rochester
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 1,935,146 | \$ 1,659,504 | \$ 1,941,972 | \$ 2,209,891 | \$ 2,216,007 | \$ 3,134,208 | \$ 1,957,928 | \$ 2,597,580 | \$ 2,371,009 | \$ 1,978,475 |
| Public Safety | 4,677,997 | 4,804,877 | 5,162,930 | 5,731,103 | 6,142,850 | 5,343,267 | 6,456,763 | 7,924,541 | 6,089,834 | 5,334,013 |
| Public Works | 4,290,486 | 3,406,947 | 4,192,099 | 4,536,193 | 4,783,924 | 4,745,525 | 6,863,943 | 5,706,608 | 5,571,988 | 5,458,264 |
| Community Development | 1,711,927 | 1,696,447 | 1,611,999 | 1,847,024 | 1,869,468 | 1,735,102 | 1,838,857 | 2,229,534 | 2,415,515 | 2,019,949 |
| Recreation and Cultural | 1,452,907 | 1,173,640 | 1,263,245 | 1,373,395 | 1,456,173 | 983,188 | 1,233,602 | 1,086,863 | 1,042,934 | 1,006,299 |
| Interest on Long-term Debt | 100,809 | 83,474 | 12,798 | 11,583 | 10,010 | 8,085 | 6,221 | 4,075 | 150,105 | 140,040 |
| Total Governmental Activities | 14,169,272 | 12,824,889 | 14,185,043 | 15,709,189 | 16,478,432 | 15,949,375 | 18,357,314 | 19,549,201 | 17,641,385 | 15,937,040 |
| Business-type Activities: | | | | | | | | | | |
| Water & Sewer | 5,035,388 | 7,298,620 | 6,177,681 | 6,261,627 | 6,722,386 | 6,671,241 | 5,866,855 | 6,708,720 | 6,373,018 | 6,227,142 |
| Automobile Parking System | 164,344 | 244,693 | 728,598 | 753,136 | 853,961 | 1,071,197 | 992,639 | 936,840 | 791,781 | 1,135,483 |
| Total Business-type Activities | 5,199,732 | 7,543,313 | 6,906,279 | 7,014,763 | 7,576,347 | 7,742,438 | 6,859,494 | 7,645,560 | 7,164,799 | 7,362,625 |
| Total Primary Government Expenses | 19,369,004 | 20,368,202 | 21,091,322 | 22,723,952 | 24,054,779 | 23,691,813 | 25,216,808 | 27,194,761 | 24,806,184 | 23,299,665 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | 809,722 | 878,088 | 802,801 | 837,627 | 800,878 | 748,484 | 2,052,567 | 1,541,241 | 2,008,846 | 2,843,123 |
| Public Safety | 1,037,970 | 875,913 | 977,804 | 968,416 | 1,126,950 | 1,422,355 | 1,067,314 | 1,017,433 | 924,839 | 1,075,292 |
| Public Works | 50,706 | 114,622 | 133,851 | 171,011 | 92,297 | 69,960 | 114,456 | 88,946 | 70,067 | 90,871 |
| Community Development | 362,256 | 347,266 | 487,791 | 512,005 | 503,057 | 551,554 | 638,635 | 638,833 | 287,499 | 78,154 |
| Recreation and Cultural | - | - | - | - | - | - | - | - | - | - |
| Operating Grants and Contributions | 941,328 | 1,012,164 | 988,125 | 1,081,275 | 952,994 | 1,271,514 | 1,653,471 | 2,342,226 | 3,016,032 | 2,258,368 |
| Capital Grants and Contributions | 97,524 | 659,939 | 75,000 | 9,460 | 10,743 | 146,880 | 49,562 | 118,482 | 309,488 | 163,240 |
| Total Governmental Activities | 3,299,506 | 3,887,992 | 3,465,372 | 3,579,794 | 3,486,919 | 4,210,747 | 5,576,005 | 5,747,161 | 6,616,771 | 6,509,048 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Water & Sewer | 4,009,126 | 4,595,177 | 4,870,006 | 4,945,070 | 5,012,908 | 5,026,326 | 5,987,145 | 6,011,249 | 6,470,241 | 6,726,246 |
| Automobile Parking System | 118,510 | 62,278 | 46,912 | 175,339 | 461,692 | 1,060,808 | 1,537,401 | 1,493,020 | 1,279,184 | 1,288,161 |
| Operating Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Capital Grants and Contributions | 52,000 | 35,800 | 424,593 | 661,742 | 122,859 | 196,472 | 401,314 | 100,520 | 5,610 | 4,557,124 |
| Total Business-type Activities | 4,179,636 | 4,693,255 | 5,341,511 | 5,782,151 | 5,597,459 | 6,283,606 | 7,925,860 | 7,604,789 | 7,755,035 | 12,571,531 |
| Total Primary Government Program Revenues | 7,479,142 | 8,581,247 | 8,806,883 | 9,361,945 | 9,084,378 | 10,494,353 | 13,501,865 | 13,351,950 | 14,371,806 | 19,080,579 |

Schedule 3
City of Rochester
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable-Inventories | \$ 30,391 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unassigned | 8,221,556 | 8,431,838 | 8,585,258 | 8,641,847 | 8,100,327 | 7,175,172 | 7,651,226 | 7,892,065 | 7,651,337 | 7,410,706 |
| Total General Fund | 8,251,947 | 8,431,838 | 8,585,258 | 8,641,847 | 8,100,327 | 7,175,172 | 7,651,226 | 7,892,065 | 7,651,337 | 7,410,706 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Streets | 1,672,823 | 1,794,451 | 1,669,189 | 1,955,280 | 2,502,596 | 3,471,648 | 2,647,585 | 3,214,038 | 3,859,290 | 4,721,384 |
| Cemetery | 420,320 | 455,626 | 492,447 | 555,174 | 580,770 | 733,120 | 784,381 | 817,597 | 848,073 | 895,703 |
| Law Enforcement Programs | 22,996 | 24,141 | 26,730 | 23,238 | 30,506 | 37,970 | 32,157 | 32,157 | 31,345 | 31,345 |
| Community Dev. Block Grant | 5,885 | 4,694 | 4,694 | 3,075 | - | - | - | - | - | - |
| Downtown Development Authority | 630 | 130 | 43,926 | 107,833 | 61,459 | 315,175 | 751,314 | 911,150 | 735,477 | 1,047,728 |
| Principal Shopping District | 31,521 | 47,593 | 90,506 | 58,261 | 426 | 35,020 | 16,470 | 19,587 | 46,434 | - |
| Band Shelter | 238,656 | - | - | - | - | - | - | - | - | - |
| Debt Service | 17,286 | 11,400 | 25,419 | 20,002 | 317 | 2,960 | 40,481 | 25,499 | 22,757 | 22,757 |
| Capital Projects | 3,611,477 | 3,262,407 | 2,397,845 | 1,378,645 | 1,528,563 | 994,799 | 846,527 | 3,308,864 | 969,346 | 973,837 |
| Total All Other Governmental Funds | 6,021,594 | 5,600,442 | 4,750,756 | 4,101,508 | 4,704,637 | 5,590,692 | 5,118,915 | 8,328,892 | 6,512,722 | 7,692,754 |
| Total All Governmental Funds | \$ 14,273,541 | \$ 14,032,280 | \$ 13,336,014 | \$ 12,743,355 | \$ 12,804,964 | \$ 12,765,864 | \$ 12,770,141 | \$ 16,220,957 | \$ 14,164,059 | \$ 15,103,460 |

Schedule 4
City of Rochester
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Revenues: | | | | | | | | | | |
| Property Taxes | \$ 8,355,959 | \$ 8,471,191 | \$ 8,426,746 | \$ 8,675,121 | \$ 8,712,599 | \$ 9,645,239 | \$ 10,023,819 | \$ 10,714,805 | \$ 11,278,117 | \$ 11,903,286 |
| Special Assessments | 227,704 | 252,716 | 250,488 | 256,857 | 295,973 | 265,728 | 335,745 | 336,798 | 39,070 | 73,642 |
| Licenses and Permits | 313,338 | 268,442 | 350,646 | 344,707 | 556,356 | 669,433 | 373,504 | 255,939 | 354,591 | 411,161 |
| Intergovernmental | 2,007,921 | 2,650,104 | 2,072,544 | 2,408,264 | 2,520,172 | 2,845,383 | 3,349,949 | 4,308,676 | 5,031,372 | 4,176,745 |
| Charges for Services | 1,269,120 | 1,327,673 | 1,441,080 | 1,186,135 | 1,111,914 | 1,459,964 | 2,646,456 | 2,408,524 | 2,362,538 | 2,902,407 |
| Fines and Forfeitures | 93,265 | 80,262 | 83,053 | 98,102 | 95,507 | 108,976 | 108,722 | 84,228 | 72,820 | 86,509 |
| Investment Earnings | 69,642 | 57,234 | 64,466 | 67,028 | 63,772 | 129,194 | 297,957 | 394,439 | 101,901 | 35,750 |
| Other | 575,474 | 527,036 | 532,228 | 675,405 | 624,011 | 630,102 | 564,587 | 489,173 | 624,754 | 593,925 |
| Total Revenues | 12,912,423 | 13,634,658 | 13,221,251 | 13,711,619 | 13,980,304 | 15,754,019 | 17,700,739 | 18,992,582 | 19,865,163 | 20,183,425 |
| Expenditures: | | | | | | | | | | |
| General Government | 1,895,442 | 1,656,533 | 1,850,807 | 1,917,406 | 1,973,715 | 3,174,459 | 1,967,838 | 2,416,136 | 2,406,609 | 2,101,290 |
| Public Safety | 4,548,330 | 4,769,957 | 4,983,298 | 5,186,817 | 5,563,204 | 5,778,836 | 6,464,574 | 6,810,081 | 7,578,633 | 7,132,250 |
| Public Works | 2,699,024 | 2,466,667 | 2,883,083 | 2,789,043 | 2,920,444 | 3,519,603 | 5,989,382 | 5,069,228 | 5,057,692 | 5,340,673 |
| Community Development | 1,597,154 | 1,581,674 | 1,488,465 | 1,703,975 | 1,740,132 | 1,715,418 | 1,730,274 | 2,120,527 | 2,339,675 | 1,959,489 |
| Recreation and Cultural | 1,409,609 | 1,136,550 | 1,214,317 | 1,298,515 | 1,360,438 | 991,731 | 1,152,547 | 997,872 | 1,108,633 | 1,100,055 |
| Capital Outlay | 1,889,359 | 1,449,259 | 935,999 | 619,731 | 165,752 | 474,987 | 173,626 | 2,267,837 | 2,565,573 | 115,218 |
| Debt Service: | | | | | | | | | | |
| Principal | 442,461 | 479,412 | 85,000 | 110,000 | 135,000 | 130,000 | 150,000 | 145,000 | 305,000 | 170,000 |
| Interest | 100,809 | 53,474 | 12,798 | 11,583 | 10,010 | 8,085 | 6,221 | 4,075 | 165,246 | 155,181 |
| Total Expenditures | 14,582,188 | 13,593,526 | 13,453,767 | 13,637,070 | 13,868,695 | 15,793,119 | 17,634,462 | 19,830,756 | 21,527,061 | 18,074,156 |
| Excess of Revenues over (Under) Expenditures | (1,669,765) | 41,132 | (232,516) | 74,549 | 111,609 | (39,100) | 66,277 | (838,174) | (1,661,898) | 2,109,269 |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Issuance of Long-term debt | - | - | - | - | - | - | - | 5,302,818 | 8,050,000 | - |
| Issuance of Refunding Bond Proceeds | - | 980,000 | - | - | - | - | - | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | (980,000) | - | - | - | - | - | - | - | - |
| Transfers In | 1,528,910 | 1,481,669 | 1,426,491 | 1,602,143 | 2,094,702 | 1,014,198 | 1,360,453 | 1,806,059 | 1,808,214 | 1,885,178 |
| Transfers Out | (1,529,833) | (1,764,062) | (1,890,241) | (2,269,351) | (2,144,702) | (1,014,198) | (1,422,453) | (2,819,887) | (10,253,214) | (3,055,046) |
| Total Other Financing Sources (Uses) | (923) | (1,262,393) | (463,750) | (667,208) | (50,000) | - | (62,000) | 4,288,990 | (395,000) | (1,169,868) |
| Net Change in Fund Balances | (1,670,688) | (1,221,261) | (696,266) | (592,659) | 61,609 | (39,100) | 4,277 | 3,450,816 | (2,056,898) | 939,401 |
| Debt Service as a percentage of noncapital Expenditures | 4.28% | 4.39% | 0.78% | 0.93% | 1.06% | 0.91% | 0.89% | 0.77% | 2.19% | 1.81% |

Schedule 5
City of Rochester
Taxable Value and Actual Value of Property
Last Ten Fiscal Years

| Tax Year | Fiscal Year Ended June 30 | Real Property | | | Personal Property | Total Taxable Value | Equalized Value | Estimated Actual Value | Taxable Value as a Percentage of Equalized Value | Tax Rate Mills |
|----------|---------------------------|----------------------|---------------------|---------------------|-------------------|---------------------|-----------------|------------------------|--|----------------|
| | | Residential Property | Commercial Property | Industrial Property | | | | | | |
| 2010 | 2011 | 465,329,980 | 122,349,310 | 48,310,150 | 36,049,540 | 672,038,980 | 703,311,890 | 1,406,623,780 | 95.55% | 35.1782 |
| 2011 | 2012 | 450,001,370 | 118,289,290 | 30,684,010 | 36,063,930 | 635,038,600 | 652,438,240 | 1,304,876,480 | 97.33% | 35.1782 |
| 2012 | 2013 | 452,669,680 | 111,407,220 | 25,856,080 | 37,441,240 | 627,374,220 | 642,214,600 | 1,284,429,200 | 97.69% | 35.3802 |
| 2013 | 2014 | 464,821,940 | 109,673,220 | 26,148,560 | 42,042,730 | 642,686,450 | 667,075,410 | 1,334,150,820 | 96.34% | 34.6732 |
| 2014 | 2015 | 481,434,500 | 107,587,640 | 26,003,480 | 36,548,030 | 651,573,650 | 713,911,410 | 1,427,822,820 | 91.27% | 34.6732 |
| 2015 | 2016 | 501,524,100 | 110,612,370 | 26,404,300 | 36,899,700 | 675,440,470 | 787,041,910 | 1,574,083,820 | 85.82% | 34.3593 |
| 2016 | 2017 | 519,787,000 | 112,308,580 | 26,465,190 | 20,816,950 | 679,377,720 | 836,484,880 | 1,672,969,760 | 81.22% | 33.9649 |
| 2017 | 2018 | 540,970,980 | 118,724,850 | 25,345,790 | 20,379,140 | 705,420,760 | 882,890,900 | 1,765,781,800 | 79.90% | 31.7350 |
| 2018 | 2019 | 567,551,300 | 123,981,870 | 24,543,760 | 21,014,020 | 737,090,950 | 859,435,950 | 1,718,871,900 | 85.76% | 31.6938 |
| 2019 | 2020 | 601,046,150 | 134,643,500 | 24,960,810 | 23,736,210 | 784,386,670 | 985,483,700 | 1,970,967,400 | 79.59% | 31.2859 |
| 2020 | 2021 | 625,546,240 | 148,741,630 | 25,564,100 | 24,430,160 | 824,282,130 | 1,040,376,700 | 2,080,753,400 | 79.23% | 31.0554 |
| 2021 | 2022 | 681,894,630 | 152,148,440 | 27,864,520 | 22,329,740 | 884,237,330 | 1,116,072,470 | 2,232,144,940 | 79.23% | 31.8426 |

Source: Oakland County Equalization

Schedule 6
City of Rochester
Direct and Overlapping Property Tax Rates
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years

| Fiscal Tax Year | City Operating | Debt | OPC | OPC | Debt | Total Direct | Rochester Schools Operating | Sinking | Intermediate Schools | | | State Education | Community College | Oakland County Operating | Oakland County Parks/Rec | Oakland County HCMA | Zoo Authority | Art Institute Authority | Admin Fee 1% | Total Millage |
|-----------------------|-------------------|--------|--------|--------|---------|-----------------|-----------------------------------|---------|-------------------------|-----------|-----------|--------------------|----------------------|--------------------------------|--------------------------------|---------------------------|------------------|-------------------------------|-----------------|------------------|
| | | | | | | | | | Voted | Operating | Operating | | | | | | | | | |
| 2010 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | - | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 34.8299 | 0.3483 | 35.1782 | |
| 2011 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | 18.0000 | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 52.8299 | 0.5283 | 53.3582 | |
| 2012 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | - | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 34.8299 | 0.3483 | 35.1782 | |
| 2013 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | 18.0000 | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 52.8299 | 0.5283 | 53.3582 | |
| 2014 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | - | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 34.8299 | 0.3483 | 35.1782 | |
| 2015 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | 18.0000 | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 52.8299 | 0.5283 | 53.3582 | |
| 2016 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | - | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 34.8299 | 0.3483 | 35.1782 | |
| 2017 | 11.5964 | 0.4000 | 0.2440 | 0.1900 | 12.4304 | 6.7000 | 18.0000 | 3.1687 | 0.2003 | 6.0000 | 1.5844 | 4.1900 | 0.2415 | 0.2146 | 0.1000 | - | 52.8299 | 0.5283 | 53.3582 | |
| 2018 | 12.3464 | - | 0.2361 | 0.1900 | 12.7725 | 3.0000 | - | 3.1113 | 0.1966 | 6.0000 | 1.5555 | 4.0400 | 0.2368 | 0.2140 | 0.0980 | 0.1961 | 31.4208 | 0.3142 | 31.7350 | |
| 2019 | 12.3464 | - | 0.2337 | 0.1900 | 12.7701 | 3.0050 | 18.0000 | 3.0863 | 0.1950 | 6.0000 | 1.5431 | 4.0400 | 0.2349 | 0.2129 | 0.0982 | 0.1945 | 49.3800 | 0.4138 | 31.6938 | |
| 2020 | 12.3464 | - | 0.2307 | 0.1900 | 12.7671 | 2.6500 | 18.0000 | 3.0605 | 0.1934 | 6.0000 | 1.5303 | 4.0400 | 0.2329 | 0.2117 | 0.0973 | 0.1929 | 30.9761 | 0.3098 | 31.2859 | |
| 2021 | 12.3464 | - | 0.2307 | 0.1900 | 12.7671 | 2.6500 | 18.0000 | 3.0605 | 0.1934 | 6.0000 | 1.5303 | 4.0400 | 0.2329 | 0.2117 | 0.0973 | 0.1929 | 30.9761 | 0.3098 | 31.2859 | |
| 2022 | 12.3464 | - | 0.2285 | 0.1900 | 12.7649 | 1.7400 | 18.0000 | 3.0362 | 0.1918 | 6.0000 | 1.5184 | 4.0200 | 0.2310 | 0.2117 | 0.0973 | 0.1929 | 48.7479 | 0.3075 | 31.0554 | |
| 2023 | 12.3464 | - | 0.2285 | 0.1900 | 12.7649 | 1.7400 | 18.0000 | 3.0362 | 0.1918 | 6.0000 | 1.5184 | 4.0200 | 0.2310 | 0.2117 | 0.0973 | 0.1929 | 48.7479 | 0.3075 | 31.0554 | |
| 2024 | 12.5364 | - | 0.3164 | - | 12.8528 | 1.6400 | 18.0000 | 1.4732 | 0.1902 | 6.0000 | 1.5057 | 4.0132 | 0.3470 | 0.2089 | 0.0956 | 0.1897 | 31.5273 | 0.3153 | 31.8426 | |
| 2025 | 12.5364 | - | 0.3164 | - | 12.8528 | 1.6400 | 18.0000 | 1.4732 | 0.1902 | 6.0000 | 1.5057 | 4.0132 | 0.3470 | 0.2089 | 0.0956 | 0.1897 | 31.5273 | 0.3153 | 31.8426 | |

The State of Michigan passed legislation on April 30, 2002 to require the levying of the state Education Tax on summer tax bills only. A one-time reduction from 6 to 5 mills was offered during the 2003 tax year to assist taxpayers with the transition. State of Michigan passed a Property Tax Reform measure in 1994 which reduced property taxes for property owners who reside at the property (homestead). This reform created the two tiered tax system you see presented.

Schedule 7
City of Rochester
Principal Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | Type of Business | 2021 | | | | | 2012 | | | | |
|-------------------------------------|-------------------|--------------|-------------------|------|-------------------------|---------------------------------------|---------------|-------------------|-----------------------|-------------------------|---------------------------------------|
| | | Tax Dollars | Taxable Valuation | Rank | Total Taxable Valuation | Percentage of Total Taxable Valuation | Tax Dollars | Taxable Valuation | Rank | Total Taxable Valuation | Percentage of Total Taxable Valuation |
| Par Pharmaceuticals | Pharmaceutical | \$ 1,501,704 | \$ 53,635,310 | 1 | 7.28% | \$ 849,852 | \$ 25,147,770 | 1 | 3.39% | | |
| CLS Rochester CCRD, LLC | Commercial | 385,108 | 10,000,000 | 2 | 1.36% | | | | 0.00% | | |
| Village Green of Rochester | Apartments/Condos | 384,298 | 9,978,970 | 3 | 1.35% | 356,581 | 8,843,120 | 2 | 1.19% | | |
| JR Investors LLC | Hotel | 249,645 | 6,482,460 | 4 | 0.88% | 251,982 | 6,249,090 | 4 | 0.84% | | |
| DTE Electric Company | Utilities | 225,508 | 5,855,720 | 5 | 0.79% | 126,369 | 3,133,910 | 8 | 0.42% | | |
| Michigan Income Fund 1 LLC | Commercial | 187,393 | 4,865,980 | 6 | 0.66% | | | | 0.00% | | |
| Great Oaks Apartments | Apartments | 180,979 | 4,699,430 | 7 | 0.64% | 160,928 | 3,990,970 | 6 | 0.54% | | |
| Ventas, INC | Assisted Living | 158,627 | 4,119,040 | 8 | 0.56% | 151,381 | 3,754,210 | 7 | 0.51% | | |
| Rewold Office Building LLC | Commercial | 125,160 | 3,250,000 | 9 | 0.44% | 67,838 | 1,682,360 | 15 | 0.23% | | |
| Suburban Properties Rochester LLC | Ice Skating | 107,546 | 2,833,260 | 10 | 0.38% | 167,592 | 4,156,240 | 5 | 0.56% | | |
| Rochester Commercial Properties LLC | Commercial | 104,607 | 2,716,300 | 11 | 0.37% | | | | 0.00% | | |
| Topspot, LLC | Commercial | 103,537 | 2,605,140 | 12 | 0.35% | | | | 0.00% | | |
| Meadows, Roch | Apartments | 88,880 | 2,307,930 | 13 | 0.31% | 156,169 | 3,872,960 | 12 | 0.52% | | |
| Total Taxable Value | | | | | | \$ 783,993,010 | | | \$ 668,401,290 | | |

It is important to note that tax dollars paid doesn't necessarily correspond to taxable value, as industrial personal property and commercial personal property, and real property, have different millage rates.

Source: Oakland County Equalization Department

Schedule 8
City of Rochester
Property Tax Levies and Collections
Last Ten Fiscal Years

| Tax Year | Fiscal Year Ending June 30 | Taxes Levied for the Fiscal Year | Current Collections | Percent of Levy Collected | Delinquent Collections | Total Tax Collections | Percent of Total Collections to Tax Levy |
|----------|----------------------------|----------------------------------|---------------------|---------------------------|------------------------|-----------------------|--|
| 2012 | 2013 | \$ 8,588,011 | \$ 8,332,289 | 97.02% | \$ 225,765 | \$ 8,558,054 | 99.65% |
| 2013 | 2014 | 8,737,547 | 8,534,342 | 97.67% | 176,713 | 8,711,055 | 99.70% |
| 2014 | 2015 | 8,658,243 | 8,409,650 | 97.13% | 220,944 | 8,630,594 | 99.68% |
| 2015 | 2016 | 8,941,469 | 8,749,526 | 97.85% | 170,205 | 8,919,731 | 99.76% |
| 2016 | 2017 | 9,038,863 | 8,805,935 | 97.42% | 202,489 | 9,008,424 | 99.66% |
| 2017 | 2018 | 9,871,441 | 9,700,013 | 98.26% | 150,937 | 9,850,949 | 99.79% |
| 2018 | 2019 | 10,286,791 | 10,178,908 | 98.95% | 92,162 | 10,271,070 | 99.85% |
| 2019 | 2020 | 11,100,059 | 10,915,087 | 98.33% | 90,291 | 11,005,378 | 99.15% |
| 2020 | 2021 | 11,747,784 | 11,517,645 | 98.04% | 142,241 | 11,659,887 | 99.25% |
| 2021 | 2022 | 12,397,939 | 12,183,979 | 98.27% | 138,966 | 12,322,945 | 99.40% |

Schedule 9
City of Rochester
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Governmental Activities | | | Business-type Activities | | | Total Primary Government | Total Taxable Values | Ratio of Total Debt to Taxable Values | Total Population | Total Debt Per Capita |
|-----------------------------------|-------------------------|-------------------|------------------|--------------------------|-------------------|----------------------|--------------------------------|----------------------------|--|---------------------|-----------------------------|
| | General Obligation | Land Contracts | Notes Payable | General Obligation | Land Contracts | Contracts Payable | | | | | |
| | Bonds | | | Bonds | | | | | | | |
| 2013 | 1,300,000 | 675,385 | - | - | - | 3,770,113 | 5,745,498 | 627,374,220 | 0.92% | 12,711 | 452 |
| 2014 | 895,000 | 630,973 | - | - | - | 3,731,091 | 5,257,064 | 642,686,450 | 0.82% | 12,711 | 414 |
| 2015 | 810,000 | - | - | 12,000,000 | 584,521 | 3,888,671 | 17,283,192 | 651,573,650 | 2.65% | 12,711 | 1,360 |
| 2016 | 700,000 | - | - | 11,645,000 | 535,935 | 3,721,793 | 16,602,728 | 675,440,470 | 2.46% | 12,711 | 1,306 |
| 2017 | 565,000 | - | 765,623 | 11,185,000 | 485,117 | 4,108,565 | 17,109,305 | 680,185,081 | 2.52% | 12,711 | 1,286 |
| 2018 | 435,000 | - | 692,102 | 10,715,000 | 431,965 | 3,895,505 | 16,169,572 | 705,420,760 | 2.29% | 12,711 | 1,272 |
| 2019 | 285,000 | - | 616,152 | 10,235,000 | 376,371 | 7,073,769 | 18,586,292 | 737,090,950 | 2.52% | 12,711 | 1,462 |
| 2020 | 5,140,000 | - | 537,696 | 9,745,000 | 318,223 | 9,330,246 | 25,071,165 | 784,386,670 | 3.20% | 12,711 | 1,972 |
| 2021 | 12,885,000 | - | 744,324 | 9,245,000 | 257,403 | 9,455,462 | 32,587,189 | 824,282,130 | 3.95% | 12,711 | 2,564 |
| 2022 | 12,150,000 | - | 124,307 | 8,730,000 | - | 9,010,839 | 30,015,146 | 884,237,330 | 3.39% | 13,035 | 2,303 |

Source: Population information obtained from U.S. Census Bureau.

Schedule 10
City of Rochester
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | General Obligation Bonds | Total Taxable Values | Ratio of Total Debt to Taxable Values | Total Population | Total Debt Per Capita |
|-----------------------------------|--------------------------------|----------------------------|--|---------------------|-----------------------------|
| 2013 | 1,300,000 | 627,374,220 | 0.21% | 12,711 | 102 |
| 2014 | 895,000 | 642,686,450 | 0.14% | 12,711 | 70 |
| 2015 | 12,810,000 | 651,573,650 | 1.97% | 12,711 | 1,008 |
| 2016 | 12,345,000 | 675,440,470 | 1.83% | 12,711 | 971 |
| 2017 | 11,750,000 | 680,185,081 | 1.73% | 12,711 | 924 |
| 2018 | 11,150,000 | 705,420,760 | 1.58% | 12,711 | 877 |
| 2019 | 10,520,000 | 737,090,950 | 1.43% | 12,711 | 828 |
| 2020 | 14,885,000 | 784,386,670 | 1.90% | 12,711 | 1,171 |
| 2021 | 22,130,000 | 824,282,130 | 2.68% | 12,711 | 1,741 |
| 2022 | 20,880,000 | 824,282,130 | 2.53% | 13,035 | 1,602 |

Source: Population information obtained from U.S. Census Bureau.

Schedule 11
City of Rochester
Direct and Overlapping Governmental Activities Debt
June 30, 2022

| Jurisdiction | Net Debt Outstanding | Percentage Debt Applicable To City | Estimated Share of Overlapping Debt |
|--------------------------------------|-------------------------|--|--|
| Direct Debt: | | | |
| City of Rochester | \$ 12,795,456 | 100% | \$ 12,795,456 |
| Overlapping Debt: | | | |
| Rochester School District | 125,640,000 | 15.23% | 19,134,972 |
| Oakland County | 249,100,693 | 1.30% | 3,238,309 |
| Oakland Intermediate School District | 42,045,000 | 1.31% | 550,790 |
| Total Overlapping Debt | <u>416,785,693</u> | | <u>22,924,071</u> |
| Total Direct and Overlapping Debt | <u>\$ 429,581,149</u> | | <u>\$ 35,719,527</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 and dividing it by that governmental unit's total taxable value.

Schedule 12
City of Rochester
Legal Debt Margin Information
Last Ten Fiscal Years

| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Debt Limit | \$ 64,221,460 | \$ 66,707,541 | \$ 71,391,141 | \$ 78,704,191 | \$ 83,648,488 | \$ 85,717,802 | \$ 85,943,595 | \$ 98,548,370 | \$ 104,037,670 | \$ 111,607,247 |
| Total Net Debt applicable to limit | 1,300,000 | 895,000 | 12,810,000 | 12,345,000 | 11,750,000 | 11,150,000 | 40,520,000 | 14,885,000 | 22,130,000 | 20,880,000 |
| Legal Debt Margin | \$ 62,921,460 | \$ 65,812,541 | \$ 58,581,141 | \$ 66,359,191 | \$ 71,898,488 | \$ 74,567,802 | \$ 75,423,595 | \$ 83,663,370 | \$ 81,907,670 | \$ 90,727,247 |
| Total Net Debt applicable to the limit as a percentage of debt limit | 2.02% | 1.34% | 17.94% | 15.69% | 14.05% | 13.01% | 12.24% | 15.10% | 21.27% | 18.71% |

Legal Debt Margin Calculation for Fiscal Year 2022:
Assessed Value

| | |
|---|------------------|
| Legal Debt Limit (10% of Assessed Value) | \$ 1,116,072,470 |
| Gross Indebtedness | \$ 30,263,759 |
| Less: Contractual Debt | (9,383,759) |
| Net Bonded Debt | 20,880,000 |
| Legal Debt Margin | \$ 90,727,247 |
| Net Bonded Debt as a Percentage of Assessed Value | 1.87% |

Schedule 13
City of Rochester
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Population* | Personal Income* | Per* Capita Personal Income | Median Age* | Unemployment Rate** |
|-----------------------------------|-------------|---------------------|--------------------------------------|----------------|------------------------|
| 2012 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 5.6% |
| 2013 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 5.3% |
| 2014 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 4.9% |
| 2015 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 4.5% |
| 2016 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 4.7% |
| 2017 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 2.9% |
| 2018 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 3.4% |
| 2019 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 3.7% |
| 2020 | 12,711 | \$ 76,603 | \$ 47,286 | 38.3 | 14.9% |
| 2021 | 13,035 | \$ 89,904 | \$ 56,290 | 40.7 | 3.6% |
| 2022 | 13,035 | \$ 89,904 | \$ 56,290 | 40.7 | 3.6% |

Sources: * U.S. Census Bureau

** U.S. Bureau of Labor Statistics

*** Southeast Michigan Council of Governments Estimate

Note: U.S. Bureau of Labor Statistics unemployment rates reflect a retroactive change; revised inputs, reestimation and adjustment to net state control totals.

Schedule 14
City of Rochester
Principal Employers
Current Year and Nine years Ago

| Company Name | Year Ended June 30, 2022 | | | Year Ended June 30, 2012 | | |
|-------------------------------------|--------------------------|------|-----------------------|--------------------------|------|-----------------------|
| | Employees | Rank | Total City Employment | Employees | Rank | Total City Employment |
| One Stream | 995 | 1 | 7.63% | | | |
| PAR Pharmaceutical | 632 | 2 | 4.85% | 315 | 1 | 2.42% |
| Royal Park Hotel | 200 | 3 | 1.53% | 60 | 9 | 0.46% |
| US Post Office | 180 | 4 | 1.38% | 75 | 7 | 0.58% |
| Holy Family Regional School | 110 | 5 | 0.84% | * | * | * |
| Great Oaks Country Club | 100 | 6 | 0.77% | * | * | * |
| Real Estate One-Rochester | 100 | 8 | 0.77% | 70 | 8 | 0.54% |
| Rochester Community School District | 100 | 9 | 0.77% | 75 | 5 | 0.58% |
| Potestivo | 100 | 10 | 0.77% | * | * | * |
| Kruse & Muer Restaurants | 85 | 7 | 0.65% | * | * | * |

* Information not available.

Source: Southeast Michigan Council of Governments

Schedule 15
City of Rochester
Full-time Equivalent City Government Employees by Department Group

| Service Type | Full-time - Each full-time position is calculated as 1.0 | | | | | | | | | | |
|----------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | FYE 2011 | FYE 2012 | FYE 2013 | FYE 2014 | FYE 2015 | FYE 2016 | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
| Administration | 12 | 13 | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 11 |
| Manager | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 4 | 4 |
| Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Clerk | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 6 | 5 | 4 | 3 |
| Public Safety | 27 | 28 | 28 | 29 | 29 | 29 | 31 | 31 | 31 | 47 | 47 |
| Police | 26 | 27 | 27 | 28 | 28 | 28 | 30 | 30 | 30 | 30 | 30 |
| Fire | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 17 | 17 |
| Public Works & Parks | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 17 | 17 | 17 |
| Public Works | 10 | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 11 | 12 | 11 |
| Water & Sewer | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Revolving Eq | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks | 3 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| TOTAL | 54 | 56 | 56 | 57 | 57 | 56 | 58 | 58 | 60 | 76 | 75 |

| Service Type | Part-time - Each part-time position is calculated as 0.5 | | | | | | | | | | |
|---|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|---------------|
| | FYE 2011 | FYE 2012 | FYE 2013 | FYE 2014 | FYE 2015 | FYE 2016 | FYE 2017 | FYE 2018 | FYE 2019 | FYE 2020 | FYE 2021 |
| Administration | 1.5 | 0.5 | 0.5 | 0.5 | 0.5 | 1.5 | 1.5 | 2.5 | 3.0 | 4.0 | 4.5 |
| Manager | - | - | - | - | - | - | - | 0.5 | 0.5 | 1.0 | - |
| Building | 1.0 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 1.0 | 1.5 | - |
| Clerk | 0.5 | - | - | - | - | - | - | - | - | - | - |
| Finance | - | - | - | - | - | 1.0 | 1.0 | 1.5 | 1.5 | 1.5 | 3.0 |
| Public Safety | 1.5 | 1.5 | 1.5 | 1.5 | 3.5 | 3.5 | 1.5 | 1.75 | 1.50 | 22.00 | 22.00 |
| Police Clerk | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Seasonal Community Policing | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.25 | 1.00 | 1.00 | 1.00 |
| Parking Enforcement | - | - | - | - | 1.0 | 1.0 | - | - | - | 0.5 | 0.5 |
| Fire | - | - | - | - | 1.0 | 1.0 | - | - | - | 20.0 | 20.0 |
| Public Works & Parks | 2.5 | 2.0 | 2.5 | 3.0 | 3.0 | 3.0 | 3.5 | 3.5 | 3.3 | 3.5 | 4.5 |
| Public Works | 1.5 | 1.0 | 1.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 2.3 | 2.5 | 3.0 |
| Water & Sewer | - | - | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Revolving Eq | - | - | - | - | - | - | - | - | - | - | - |
| Parks | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.5 | 1.5 | 0.5 | 0.5 | 1.0 |
| TOTAL | 5.5 | 4.0 | 4.5 | 5.0 | 7.0 | 8.0 | 6.5 | 7.8 | 7.8 | 29.5 | 31.0 |
| TOTAL Full-Time Equivalent (FTE) | 59.5 | 60.0 | 60.5 | 62.0 | 64.0 | 64.0 | 64.5 | 65.8 | 67.75 | 105.50 | 106.00 |

| Other | FTE |
|--|-----|
| DDA | 3.5 |
| DDA employees are hired by the Downtown Development Authority, but are administered as employees of the City of Rochester. | |
| Paid On-Call Firefighters | 39 |

Schedule 16
City of Rochester
Operating Indicators by Function/Department
By Fiscal Years

Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Clerks Department | | | | | | | | | | |
| Elections | | | | | | | | | | |
| Number of Absentee | 1,553 | 437 | 1,413 | 1,224 | 2,209 | 569 | 2,565 | 1,961 | 7,809 | 1,320 |
| Number Voted | 5,522 | 1,016 | 4,931 | 5,190 | 7,317 | 1,408 | 9,354 | 5,652 | 11,960 | 1,890 |
| Absentee as a % of Total Votes | 28% | 43% | 29% | 24% | 30% | 40% | 27% | 35% | 65% | 70% |
| Water Department* | | | | | | | | | | |
| Number of Accounts | 3,628 | 3,684 | 3,734 | 3,745 | 4,081 | 4,180 | 3,839 | 3,992 | 3,994 | 4,000 |
| RE | 379 | 379 | 382 | 376 | 364 | 375 | 424 | 487 | 486 | 486 |
| CO | | | | | | | | | | |
| Units of water Used | | | | | | | | | | |
| Each unit is 100 Cubic Feet | | | | | | | | | | |
| Residential | 592,798 | 694,631 | 423,930 | 472,088 | 561,317 | 564,299 | 480,065 | 454,541 | 525,368 | 456,703 |
| Commercial | 232,530 | 247,683 | 142,530 | 216,473 | 232,862 | 237,062 | 244,630 | 244,209 | 205,135 | 231,613 |
| | 825,328 | 942,314 | 566,460 | 688,561 | 794,179 | 801,361 | 724,695 | 698,750 | 730,503 | 688,316 |
| Police Department | | | | | | | | | | |
| Total Calls for Service | 12,458 | 14,002 | 13,195 | 13,093 | 14,024 | 13,055 | 12,182 | 11,888 | 12,562 | 15,372 |
| Group A Crime Incidents | 437 | 391 | 375 | 318 | 384 | 317 | 197 | 175 | 186 | 198 |
| Group B Crime Incidents | 300 | 209 | 206 | 199 | 257 | 203 | 225 | 183 | 214 | 182 |
| Property Damage Vehicle Crashes | 375 | 422 | 340 | 372 | 354 | 360 | 276 | 289 | 235 | 338 |
| Personal Injury Vehicle Crashes | 16 | 20 | 24 | 21 | 21 | 19 | 17 | 26 | 16 | 23 |
| Total Arrests | 477 | 348 | 357 | 323 | 403 | 387 | 361 | 288 | 273 | 274 |
| Drunk Driving Arrests | 135 | 103 | 99 | 88 | 129 | 119 | 109 | 102 | 111 | 104 |
| Fire Department | | | | | | | | | | |
| Total Calls | 1,523 | 1,630 | 1,687 | 1,626 | 1,810 | 1,928 | 1,957 | 1,493 | 1,417 | 1,629 |
| Fires | 30 | 15 | 19 | 11 | 24 | 17 | 21 | 25 | 22 | 25 |
| EMS/Rescue | 1,197 | 1,295 | 1,315 | 1,275 | 1,358 | 1,508 | 1,583 | 1,056 | 1,041 | 1,239 |
| Hazardous Condition | 41 | 51 | 55 | 53 | 64 | 60 | 73 | 59 | 73 | 59 |
| Service Call | 98 | 101 | 105 | 113 | 151 | 132 | 132 | 125 | 127 | 144 |
| Good Intent | 73 | 84 | 115 | 107 | 130 | 120 | 70 | 132 | 65 | 61 |
| False Calls | 57 | 51 | 55 | 46 | 53 | 51 | 61 | 65 | 66 | 84 |
| Other | 27 | 33 | 23 | 21 | 30 | 40 | 17 | 31 | 23 | 17 |

Sources: City Finance Dept. records.
Dept. of Public Works utility billing reports.
Police Department monthly reports.
Fire Department monthly reports.

Schedule 17
City of Rochester
Capital Asset Statistics by Function/Department
Last Ten Fiscal Years

| Department | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|
| Administrative | | | | | | | | | | |
| Vehicles Assigned | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 3 | 3 | 3 |
| Police | | | | | | | | | | |
| Vehicles Assigned | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Fire | | | | | | | | | | |
| Vehicles Assigned | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Public Works | | | | | | | | | | |
| Vehicles - (Trucks/Tractors) | 32 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Road Maintenance and Repair | | | | | | | | | | |
| Miles of Major Streets | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Miles of Local Streets | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Water & Sewer | | | | | | | | | | |
| Miles of Water Mains | 74.4 | 74.4 | 74.4 | 74.4 | 74.4 | 74.4 | 74.4 | 74.4 | 74.4 | 74.4 |
| Miles of Sewers | 58.4 | 58.4 | 60.5 | 60.5 | 60.5 | 60.5 | 60.5 | 60.5 | 60.5 | 60.5 |
| Recreation | | | | | | | | | | |
| City Parks | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Park Acreage | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 |

Sources: City inventory and Engineers