

Royal Oak
June 30, 2009
Comprehensive
Annual
Financial
Report

CITY OF ROYAL OAK, MICHIGAN
Comprehensive Annual Financial Report
For the fiscal year ended
June 30, 2009

CITY COMMISSION

Mayor
James B. Ellison

Mayor Pro Tem
Carlo P. Ginotti

Commissioners
Michael R. Andrzejak
Terry H. Drinkwine
Gary F. Lelito
Charles Semchena

ADMINISTRATION

City Manager
Donald E. Johnson

Interim Director of Finance
Controller
Anthony C. DeCamp

Prepared by the Finance Department

Cover photograph of Marshall Fredericks' Star Dream Fountain by Paul Hitzelberger
<http://www.paulhitzphotography.com/>
<http://www.flickr.com/photos/paulhitz>

**City of Royal Oak, Michigan
For the Fiscal Year Ended June 30, 2009**

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CITY OF ROYAL OAK

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P.O. BOX 64
ROYAL OAK, MI 48068-0064
248-246-3000

December 16, 2009

To the Honorable Mayor, Commissioners, employees and citizens of the City of Royal Oak:

In accordance with accounting principles generally accepted in the United States (GAAP), we are submitting the Comprehensive Annual Financial Report (CAFR) of the City of Royal Oak, Michigan for the fiscal year ended June 30, 2009. The City of Royal Oak Charter and State statute require that the City of Royal Oak issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements and supplemental schedules contained in the financial section herein have been audited by Rehmann Robson, Certified Public Accountants. I am happy to report that the City received an unqualified opinion, the most favorable opinion that can be issued. The auditor's opinion does not encompass information in the introductory section or the statistical section of this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the City of Royal Oak.

Profile of the City of Royal Oak

The City of Royal Oak is a metropolitan Detroit suburb located in southeastern Oakland County, Michigan. The approximately 12 square mile community is located ten miles north of downtown Detroit. Royal Oak's history dates back to the extension of the railroad line from Detroit to Pontiac. In recent years, the City has experienced resurgence as a regional entertainment destination, dynamic place to live and meeting grounds for creative minds. Today, it is estimated that Royal Oak is home to about 54,365 residents.

The commercial character of the City is very diverse, ranging from turn of the century retail buildings located in downtown to modern shopping plazas along Woodward Avenue. Commercial development in the City's one square mile downtown is geared toward a pedestrian friendly shopping experience. City parking lots and structures provide visitors with a central parking location.

The City offers a variety of recreational and cultural activities, which not only enhance the quality of life for residents but also attracts large numbers of visitors. Royal Oak has worked hard to earn a reputation for being an entertainment destination for all of southeast Michigan, with an eclectic blend of restaurants, retail storefronts, theatres, and galleries. Downtown Royal Oak also boasts the City owned Farmer's Market. The market is a source of great community pride and history.

Royal Oak is host to many annual community art fairs and special events including weekly summer concerts, the Holiday Magic Parade held in November, and the Woodward Dream Cruise, the world's largest one day car event.

The City's recreational services include over 50 public parks, 30 baseball fields, an ice arena, public and private golf courses, a mini-course and driving range, 34 tennis courts and an indoor soccer facility. The Senior / Community Center provides recreational and outreach services to senior citizens and programs and classes for adults and children alike.

All of the above activities have served as stimulus to additional residential and commercial development in the City of Royal Oak. Each helps to make the City an attractive and viable community for residents and visitors.

Government

Royal Oak was organized as a township in 1832, as a village in 1891 and incorporated as a Home Rule city in 1921 under the Home Rule Cities Act, being Act 279, Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"). The City operates under the Council-Manager form of government, but we call our "council" the "City Commission." The Mayor and six commissioners are elected on a non-partisan, at large basis. The Mayor is elected for a two-year term and the Commissioners serve for four-year overlapping terms. The Mayor is a voting member of the City Commission and serves as its chairperson. The City Manager, City Clerk and City Attorney are appointed by the Commission for indefinite terms and serve at the pleasure of the Commission. The City Manager is the chief administrative officer of the City and is responsible for the day to-day operation of all departments except the City Attorney's Office and the City Clerk's Office.

Royal Oak is a full service city providing a wide range of services including police and fire protection, construction and maintenance of highways, roads, streets and underground infrastructure, planning and zoning, building inspection, and library services. In addition, the City operates Water & Sewer Utilities, an automobile parking system, recreation programs, a farmer's market, and an ice arena as enterprise funds which pay for themselves.

Local Economy and Economic Outlook

The City of Royal Oak is a mature, highly developed community experiencing significant redevelopment. New development was very strong earlier this decade emphasizing in-fill and redevelopment of business buildings and homes. This has slowed but new commercial projects are still underway.

The City's land use is 69% residential, 20% institutional and recreation, 6% commercial, 3% industrial with less than 1% vacant property. Real property assessments are classified 81% residential, 17% commercial and 2% industrial.

Transportation opportunities are excellent in Royal Oak. Interstate 75 and 696 highways on our borders provide easy regional access north-south and east-west respectively. Woodward Avenue, a four-lane north-south corridor from the center of Detroit to the burgeoning northwest suburbs, offers retail and services to the automobile shopper. Our flourishing, pedestrian-friendly downtown offers high rise loft living, clothing, restaurants and the arts to young and old.

The 2009-2011 *Oakland County Economic Outlook* prepared in April of 2009 by the Institute of Labor and Industrial Relations, University of Michigan, measures economic performance in Oakland County in terms of employment. It reports that Oakland County lost 20,000 jobs in 2008 and forecasts that the county will lose an additional 21,150 jobs by the end of 2009 followed by 6,679 during 2010. Finally, in 2011 the County is projected to gain 3,680 jobs. Thus there are positive indications for the future. The report concludes the growth in 2011 would be the best performance since 2000. Economists Fulton and Grimes ranked Oakland County 7th out of all thirty comparably-sized counties nationally. They further state that Oakland County “has the necessary assets to remain a prosperous and welcoming county in the future.”

Royal Oak’s work force is about 30,000 persons. June 2009 unemployment was 9.2% comparing favorably to 9.7% for the U.S., 15.4% for the state and 14.4% for Oakland County. We are doing better than the national average and far better than the rest of Michigan but Royal Oak employment remains threatened by the problems of a troubled automobile industry and a troubled state and national economy.

We are mired in the worst recession since World War II according to many economists. General Motors and Chrysler have survived quick bankruptcy proceedings but it is still not clear how severely Royal Oak will be impacted. While we have no automobile plants in Royal Oak and we receive very little tax revenue from automotive suppliers, much of the southeast Michigan economy is dependant on the automotive sector.

Our relative unemployment success results from the diversity and focus of local employment. William Beaumont-Royal Oak Hospital, a major 1,061 bed not-for-profit hospital and research facility with a national reputation, employs 10,000 or more. It serves Wayne, Oakland and Macomb counties bringing 59,243 admitted patients and 635,231 outpatients and their families to the city in 2008. In addition, its growth has spawned ancillary medical businesses in the city. The next largest employers have 600 or fewer persons. These businesses concentrate in retail and service areas.

Per capital income has risen steadily from \$47,084 in 2000 to \$54,365 last year according to U.S. Department of Commerce statistics for Oakland County. This growth has continued despite the regions problems with unemployment and mortgage foreclosures. The next few years are going to be extremely difficult to project, due to the volatile national economy fragile Michigan economy.

The Budget and Capital Improvement Plan

Long term financial planning is incorporated in Royal Oak’s budget which includes a five year financial projection. For operations, we have attempted to project various retirements of employees. If these employees delay their retirements, it will be less likely that we will meet or exceed budget targets. For each fund, we show a simple summary table which shows beginning fund balance, projected revenue, projected expenditures, projected transfers, and projected ending fund balance for each year of the five year period.

A six year capital project plan is included in the budget. This includes in detail all of the planned capital projects and shows how they will be funded. However, the City does not adopt a multi-year budget. Hence, the budget resolution only provides authorization for one year of operations.

Financial Policies

The City Commission has financial policies covering attrition, capital improvement projects, debt management, fund balance, investments and retirement contributions. A formal capital asset policy was added this year. The capital asset threshold was increased to \$10,000 for capital assets and capital projects, which is better aligned with similar cities of the same size.

Financial Information

Internal Controls: 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 principals. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and 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.

Budgeting Controls: The object of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission.

Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function level in the General Fund and the fund level in the Special Revenue Funds.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Management Discussion and Analysis: Generally accepted accounting standards require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the MD&A letter.

This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. Our MD&A letter can be found immediately following the report of the independent auditor. Since the MD&A letter focuses on the government-wide statements, the balance of this letter will be directed at the fund or activity level.

2008-2009 Highlights

General Fund: The *General Fund* receives all revenues not designated for special uses and accounts for most of the services provided to residents.

Total General Fund revenues decreased by 2.24 percent from the prior year. Property taxes were rather flat as they increased only 0.46 percent, as our assessments were based on December 31, 2007 values and we had not yet experienced the large declines in taxable values.

However, state shared revenues decreased by 4.13 percent and reimbursements decreased \$129,487 or 16.08 percent. Fines and forfeits increased 28.8 percent, largely due to the DDA agreement to fund Court debt, which was discussed under “2007-2008 Highlights.”

Our fund balance policy limits transfers from the Automobile Parking System to the General Fund to not more than 25 percent. In 2009 the Automobile Parking System transferred \$671,000 the General Fund, which was well within the limit set by the policy.

Total General Fund expenditures increased by 2.30 percent. Increasing health care and pension costs were offset by a reduced workforce due to the City’s attrition policy.

The fund balance of the General Fund increased by \$1,445,064 to end the year at \$9,806,898. Of this amount, \$131,224 is reserved for inventory, \$1,352,123 is designated for subsequent year’s expenditures and \$8,323,551 is unreserved and undesignated. The \$8,323,551 represents 23.7 percent of total general fund expenditures, while total fund balance represents 27.9 percent of that same amount. Such contributions to fund balance can not be expected to continue, even with significant budget cuts.

We are approaching an upper limit set by the fund balance policy for the General Fund. That policy calls for Unreserved and Undesignated Fund balance to be at least equal to ten percent of budgeted expenditures but not more than twenty five percent of budgeted expenditures. At June 30, 2009 the total fund balance in the General Fund was at 27.9 percent of expenditures and unreserved and undesignated fund balance was 23.7 percent. This upper limit may appear to be a concern. However, with declining State Shared Revenue, Act 51 revenue, and falling property values resulting in lower property tax revenue, the minimum is more of a concern for the long term as \$1,352,000 of ending fund balance is committed to balance the FY 2009-2010 budget

Special Revenue Funds: Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes. The Special Revenue Funds of the City include:

The *Solid Waste Fund* accounts for the tax revenues restricted to fund the collection, disposal, and recycling of garbage, yard waste and recyclable materials. Fund balance increased by \$536,000 in the Solid Waste fund, adding to its comfortable fund balance.

The *Major and Local Streets Funds* receive revenue from the State per Act 51 for the construction and maintenance of streets and bridges. The fund balance in Major Streets increased by \$170,000 however, in Local Streets the fund balance declined by \$1,123,000. They both have adequate fund balance still the decrease in Local Streets cannot continue.

The *Community Development Block Grant Fund* accounts for grant revenues from the Department of Housing and Urban Development to be used for residential and other capital improvements. It continues to have a fund balance of zero, as expected.

The *Senior Citizens Services Fund* receives grants and collects user fees to fund a variety of senior programs. The fund balance decreased \$157,000, while it has the fund balance to absorb the loss, continued, similar losses are not sustainable.

The *Library Millage Fund* accounts for the collection of the voted millage to fund library operations and renovations to the existing facility. The Library's fund balance was reduced by \$47,000 but it continues to have a healthy fund balance.

The *State Construction Code Fund* accounts for the Building Inspection through the collection of registrations, permits and code violation fines. The State Construction Code Fund endured a reduction of \$776,000 to its fund balance. This wiped out its fund balance and left it in a \$164,000 deficit. As explained in the notes, there was a slight restructuring completed to address this issue.

The *Acorn Fund* accounts for the receipt and use of donations to the City to be used for a public purpose. The fund realized a slight reduction of \$11,000 to its fund balance, leaving it with a still comfortable fund balance.

The *Grants Fund* accounts for the Animal Shelter which is funded by donations, multiple law enforcement grants and forfeitures to enhance police operations, and a federal fire prevention and safety grant to enhance fire operations. The fund balance increased by \$87,000 adding to its already satisfactory balance.

Enterprise Funds: Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. An Enterprise Fund is intended to be a self-supporting endeavor. Although Enterprise Funds may be established for a variety of purposes, the City supports Enterprise Funds in which the pricing policies of the activity establish fees and charges designed to recover all costs, including capital costs (such as depreciation or debt service).

The Enterprise funds include the *Water & Sewer Fund*, the *Automobile Parking Fund*, *Recreation Fund*, the *Farmers Market Fund*, and the *Ice Arena Fund*.

The *Water and Sewer Fund* received \$3,270,000 to fund various infrastructure improvements through a portion of the City's \$11,825,000 Capital Improvement Bonds. The issuance included interest rates that range from 4 percent to 6.25% and matures through 2028. The proceeds also financed projects in Auto Parking Fund as well as the Motor Pool Fund.

The *Auto Parking Fund*, as mentioned above, also took part in the \$11,825,000 of Capital Improvement Bond issuance. The fund received \$7,250,000 to purchase and develop 600-700 S. Main Street, to purchase 225 S. Troy Street and improve other decks and lots. The fund balance in the Auto Parking Fund increased by \$1.9 million.

Although the *Recreation Fund* experienced a decline in fund balance in the amount of \$175,000, it still has a healthy fund balance.

The *fund balance in the Farmers Market Fund* decreased by \$31,000, however it still enjoys a satisfactory fund balance.

The *Ice Arena Fund* added \$27,000 to its already sufficient fund balance.

Internal Service Funds: Internal Service Funds account for activities that provide goods or services on a cost reimbursement basis to other funds and component units of the primary government, or to other governments.

The *Information Systems Fund* receives revenue from other funds in order to supply those funds with computer and phone equipment, infrastructure and technical support. The Information Systems Fund was adequately funded.

The *Motor Pool Fund* charges other funds a user fee for equipment and vehicles usage and maintenance. The Motor Pool Fund was knowingly underfunded prior to 2007-2008. We corrected that situation with new 2008-09 vehicle rental rates that recover the full cost acquisition, maintenance and operation of our vehicle fleet. However, the new rates do not make up for past underfunding practices. Motor Pool remains underfunded. Debt service is paid from the Motor Pool Fund and the vehicles are “leased” by Motor Pool to the police, DPS and other departments. Four hybrid SUVs were the first “green” additions to our fleet. As stated previously, the Motor Pool Fund is responsible for a portion of the City’s \$11,825,000 bond issuance. The Motor Pool Fund purchased vehicles and repaved the DPS yard with \$1,305,000 in bond funds.

The *Workers Compensation Fund* charges other funds a premium used to pay workers compensation claims. The Workers Compensation Fund was sufficiently funded.

Fiduciary Funds: Fiduciary Funds are used to report assets held in trustee or agency capacity for others and therefore cannot be used to support the government’s own programs. These funds are used to report resources held and administered by the primary government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments.

The *Pension and Other Employee Benefits Trust Funds* collects employer and employee contributions. The Retirement Board oversees the investment of pension monies. Pension benefits and the costs of administering retirement assets are charged to the Retirement Fund. Similarly, the City of Royal Oak Retiree Health Plan, which accounts for other post-employment benefits (OPEB), contributions are invested and used to pay health and dental benefits to retirees and their eligible dependents and the costs to administer the plan.

We began addressing the OPEB funding in the 2007-2008 fiscal year. Our actuarially determined OPEB contribution rate was charged for each employee based on their wages and moved to a Pension and Other Employee Benefits Trust Fund. Expenditures for retiree health care were also charged to the fund. The City chose to utilize the Municipal Employees Retirement System of Michigan Retiree Health Care Funding Vehicle rather than set up it’s own trust for OPEB. Excess contributions are transferred to the MERS’ trust. We used contribution rates from a June 30, 2006 study for the 2008-2009 fiscal year.

The Pension and Other Employee Benefits Trust Funds experienced a decrease in net assets of over \$26 million, primarily due to losses on our investments.

The *Agency Fund*, *Tax Collection Fund* and *44th District Court Fund* are used to account for monies collected on behalf of other governmental units.

Component Units: Component Units are legally separate entities where a board is appointed by the primary government and the unit has financial dependence on the primary government.

The Component Units include the *Tax Increment Financing Authority*, the *Downtown Development Authority*, the *Brownfield Redevelopment Authority* and the *Housing Commission*.

City-Wide

A major breakthrough in labor negotiations occurred with the Service Employees International Union (SEIU), which represents public services employees, when their contract was settled with the City. The SEIU contract, which set the pattern for later settlements with other non-uniformed bargaining units, eliminated the defined benefit retirement plan and retiree health care for new employees. These were replaced with a defined contribution retirement plan and a retiree health savings account.

These agreements led to the City's ability to settle with public safety services as well, resulting in the elimination of retiree healthcare for new employees in all units across the City, as well as many other changes based on concessions made by the bargaining units.

Employing lean government principles, we started several initiatives to be more responsive to our customers and streamline our processes. Working with the Chamber of Commerce and developers, we are improving our Business Application Process. Professional management for our parking lots was privatized to improve service and free DPS personnel to do the jobs for which they are trained.

Two new applications employ content management systems that the appropriate department will be able to update. Our City website completed a major upgrade in appearance, accessibility and management ease, to augment its fine content-rich base. We have partnered with Web-QA to offer a 24-hour on-line City Hall question, answer and request management tool to give citizens faster answers and identify areas for action and improvement.

The American Recovery and Reinvestment Act of 2009: The Planning and Engineering departments have been quick to take advantage of federal stimulus offerings that have been initiated in 2009.

The city received a letter from HUD Secretary Shaun Donovan on March 12, 2009 which highlighted the eligible grant awards for two US Department of Housing & Urban Development (HUD) programs related to the enactment of the Recovery Act in February 2009.

On May 15, 2009, the city submitted a Substantial Amendment to its Program Year 2008-2009 CDBG Annual Action Plan. The proposed amendment addressed the city's eligibility to receive \$558,226 of HUD Homeless Prevention & Rapid Re-Housing Program (HPRP) funds from the Recovery Act. On July 13th, the city received HUD's approval and executed an agreement with HUD on August 14th.

On June 4, 2009, the city submitted an additional Substantial Amendment to its Program Year 2008-2009 CDBG Annual Action Plan. The proposed amendment addressed the city's eligibility to receive an additional \$364,970 of HUD Community Development Block Grant funds from the Recovery Act (CDBG-R). On July 27th, HUD approved the city's CDBG-R funding application. The city executed the HUD agreement on August 11th.

On March 26, 2009, U.S. Department of Energy (DOE) issued a funding opportunity announcement for a new program resulting from the enactment of the Recovery Act. The formula-based allocations, appropriated \$543,400 of Energy Efficiency and Conservation Block Grant (EECBG) program funds to the City of Royal Oak. On June 24, 2009, the city submitted its grant application to DOE for review and approval. The city executed an agreement with DOE on September 23, 2009.

The Engineering department began paving 3rd and Center Streets, spending \$150,000 of ARRA funds by June 30th. It also received commitments for at least \$500,000 to repave Crooks Road and to partner with the City of Madison Heights to repave Campbell Road.

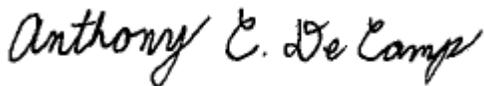
Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Royal Oak for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This CAFR represents contributions from all departments of the City. This report was prepared by a team led by Anthony DeCamp, Controller. Special thanks to the Finance Department for the timely preparation of this report and their dedicated service.

Respectfully submitted,



Anthony C. DeCamp
Controller

Approved,



Donald E. Johnson
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Royal Oak
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



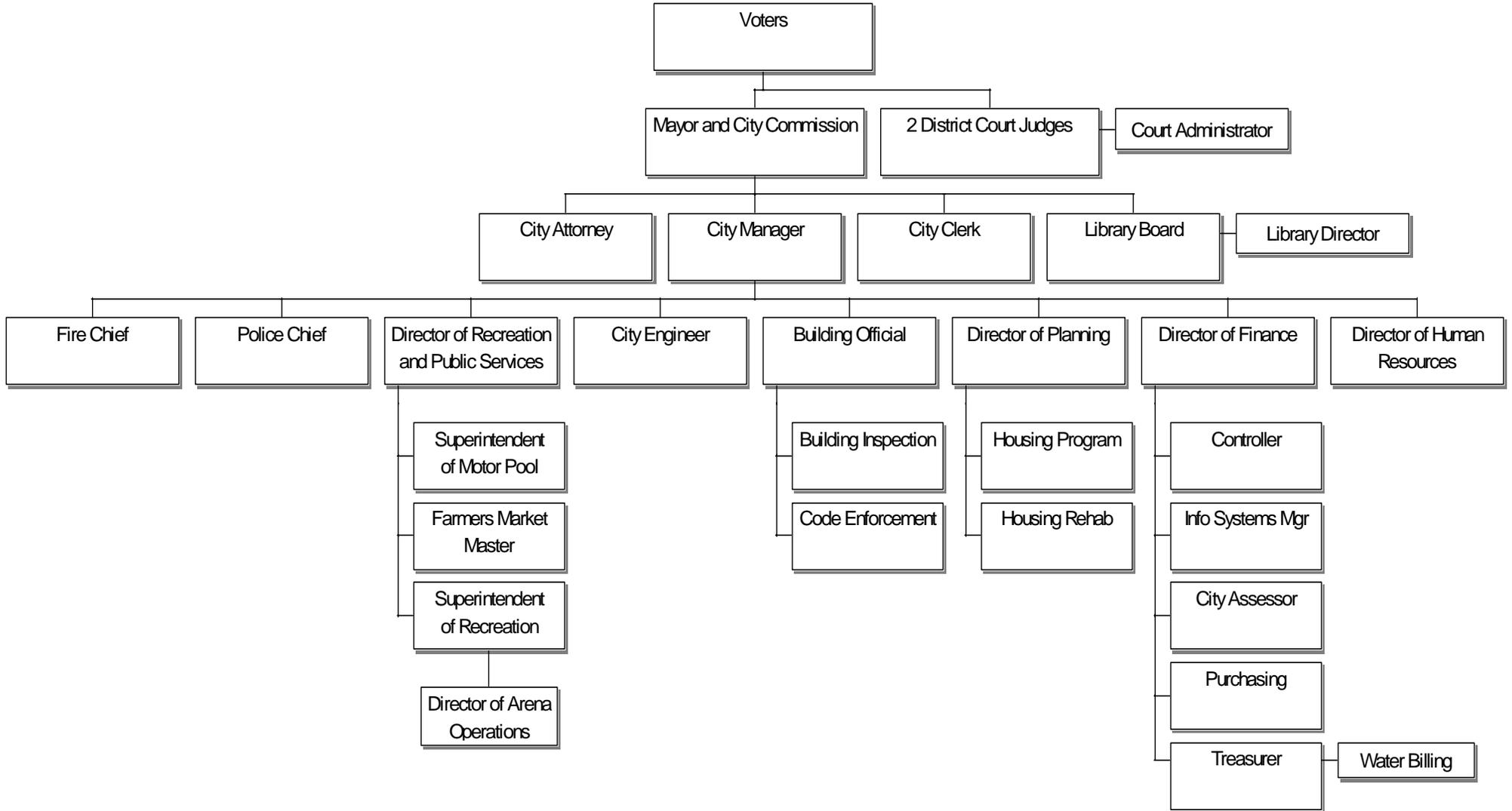
A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

Organization Chart



**City of Royal Oak
Principal Officials
as of June 30, 2009**

City Manager	Donald E. Johnson
City Attorney	David W. Gillam
Interim Director of Finance	Anthony C. DeCamp
Building Official	Jason R. Craig
City Assessor	James M. Geiermann
City Clerk	Melanie Halas
City Engineer	Elden R. Danielson
City Treasurer	John F. Kravitz
Controller	Anthony C. DeCamp
Court Administrator	Gerald A Tarchala
Director of Planning	Timothy E. Thwing
Director of Recreation and Public Services	Gregory J. Rassel
Fire Chief	Wilbur G. White, Jr.
Human Resource Director	Mary Jo DiPaolo
Library Director	Metta T. Lansdale. Jr.
Manager of Information Systems	Scott L. Newman
Police Chief	Christopher M. Jahnke
Superintendent of Motor Pool	Albert W. Orr
Superintendent of Recreation	Tod A. Gazetti

INDEPENDENT AUDITORS' REPORT

December 21, 2009

To the Honorable Mayor and City Commission
City of Royal Oak, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Royal Oak, Michigan (the "City")*, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Royal Oak, Michigan*, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund and the solid waste fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 21, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-12 and the Schedule of Funding Progress and Schedule of Employer Contributions on pages 58 and 59 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining, budgetary comparisons and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Lehmann Johnson".

Management's Discussion and Analysis

As management of the *City of Royal Oak*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets of the City of Royal Oak exceeded its liabilities at the close of the most recent fiscal year by \$224,837,526 (*net assets*). Of this amount, \$29,931,854 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$5,989,432 as compared to an \$8,176,442 increase in the previous year.
- As of the close of the current fiscal year, the City of Royal Oak's governmental funds reported combined ending fund balances of \$24,206,438. Approximately 99 percent of this total amount, \$24,074,214 is unreserved in the general, special revenue, debt service and capital projects funds.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$8,323,551, or 24 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include, not only the City itself (known as the *primary government*), but also a legally separate Tax Increment Financing Authority, a legally separate Downtown Development Authority, a legally separate Brownfield Redevelopment Authority and a legally separate Housing Commission for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City of Royal Oak Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore its activities have been included as an integral part of the primary government of the City.

The government-wide financial statements can be found on pages 13-14 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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*.

The City maintains fifteen individual governmental funds. 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 and one other major fund. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Royal Oak adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 15-20 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains five individual enterprise funds. The City's Water and Sewer operations and its Automobile Parking System operations are shown as major enterprise funds. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its motor pool, for its management information systems, and for its self-insured workers compensation fund. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations and its Automobile Parking System operations, both of which are considered to be major funds of the City of Royal Oak. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 21-23 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'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 24-25 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 28-57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 58-59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and agency funds are presented immediately following the required supplementary information on pensions. Combining fund statements can be found on pages 60-80 of this report.

The City's discretely presented component units do not issue separate financial statements; therefore, the component units' fund financial statements have been included on pages 81-86 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Royal Oak, assets exceeded liabilities by \$224,837,526 at the close of the most recent fiscal year.

By far the largest portion of the City of Royal Oak's net assets (80 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 Royal Oak uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Royal Oak's investment in its 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.

An additional portion of the City of Royal Oak's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$29,931,854) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Royal Oak is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$43,041,578	\$43,768,275	\$22,495,830	\$17,863,311	\$65,537,408	\$61,631,586
Capital assets	139,005,387	138,048,053	116,414,731	106,576,496	255,420,118	244,624,549
Total assets	182,046,965	181,816,328	138,910,561	124,439,807	320,957,526	306,256,135
Long-term liabilities outstanding	24,015,249	23,799,056	60,333,648	51,233,096	84,348,897	75,032,152
Other liabilities	9,833,139	10,599,204	1,937,964	1,776,684	11,771,103	12,375,888
Total liabilities	33,848,388	34,398,260	62,271,612	53,009,780	96,120,000	87,408,040
Net assets:						
Invested in capital assets, net of related debt	119,486,155	117,666,268	61,051,630	61,366,065	180,537,785	179,032,333
Restricted	14,365,234	18,036,119	2,653	2,653	14,367,887	18,038,772
Unrestricted	14,347,188	11,715,681	15,584,666	10,061,309	29,931,854	21,776,990
Total net assets	\$148,198,577	\$147,418,068	\$76,638,949	\$71,430,027	\$224,837,526	\$218,848,095

The government's net assets increased by \$5,989,432 during the current fiscal year as compared to an \$8,176,442 increase in the previous year.

Governmental Activities. Governmental activities increased the City of Royal Oak's net assets by \$780,509 as compared to a \$3,169,229 increase in the previous year. Key elements of this difference of \$2,388,720 are as follows:

Expenses increased from the prior fiscal year by \$593,000 (1.1 percent). The increase in expenses is mainly the result of an increase in health care costs and an increase in required pension contributions.

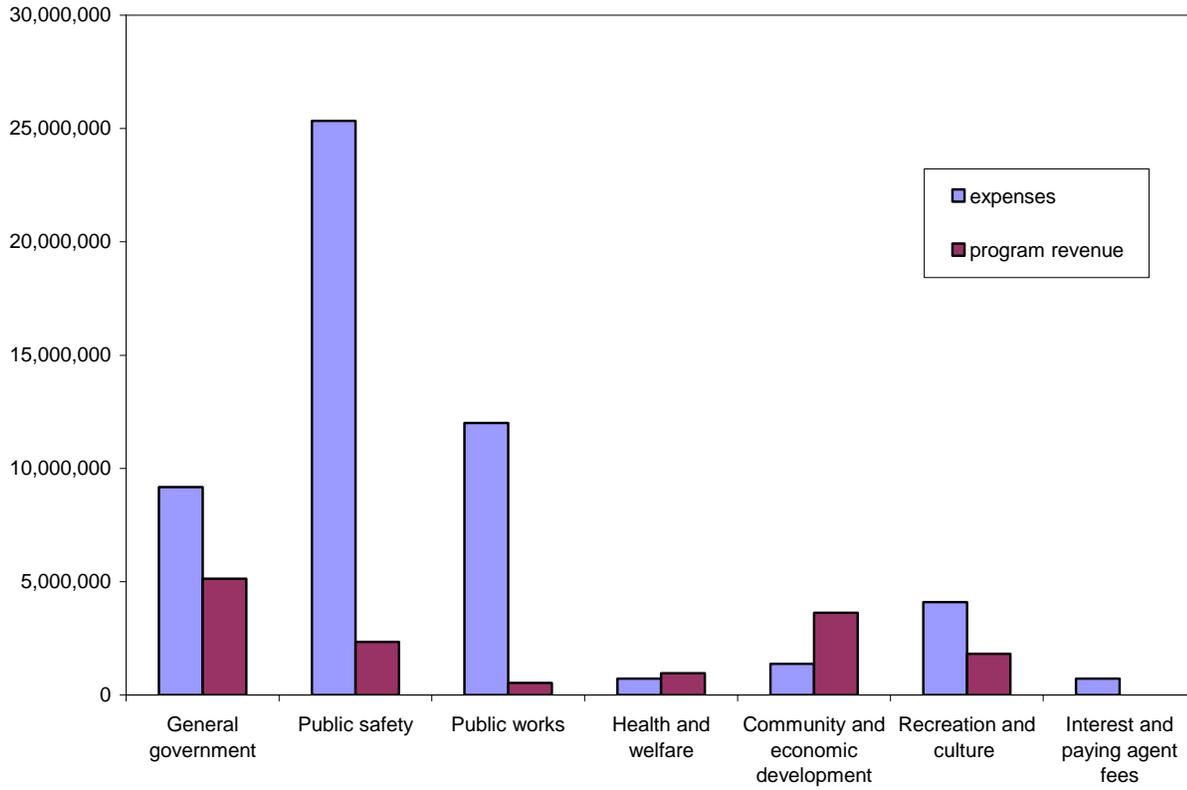
Operating grants and contributions decreased by \$744,000 (18.9 percent). This is primarily the result of a decrease in CDBG revenue.

Unrestricted investment earnings decreased by \$1,069,000 (51.7 percent) due to lower average interest rates.

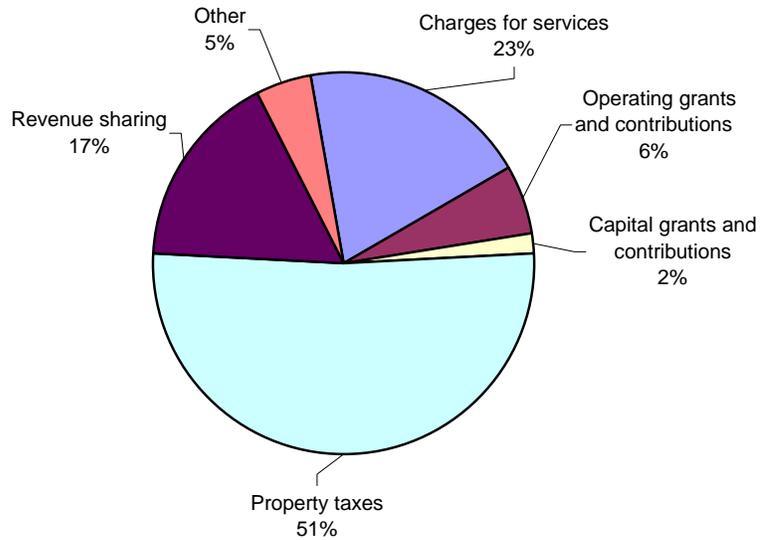
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 10,363,523	\$ 10,382,536	\$ 24,653,024	\$ 25,646,539	\$ 35,016,547	\$ 36,029,075
Operating grants and contributions	3,186,231	3,930,593	6,870	5,090	3,193,101	3,935,683
Capital grants and contributions	873,030	1,163,612	2,753,092	719,412	3,626,122	1,883,024
General revenue:						
Property taxes	27,744,049	27,578,249			27,744,049	27,578,249
Grants and contributions not restricted to specific programs	8,873,213	9,251,499			8,873,213	9,251,499
Other	2,561,076	3,032,744	730,903	396,844	3,291,979	3,429,588
Total revenue	53,601,122	55,339,233	28,143,889	26,767,885	81,745,011	82,107,118
Expenses:						
General government	9,178,697	9,081,988			9,178,697	9,081,988
Public safety	25,340,432	24,228,222			25,340,432	24,228,222
Public works	12,008,559	11,647,910			12,008,559	11,647,910
Health and welfare	720,452	602,645			720,452	602,645
Community and economic development	1,382,073	2,301,776			1,382,073	2,301,776
Recreation and culture	4,101,371	4,212,541			4,101,371	4,212,541
Interest and paying agent fees	720,676	784,438			720,676	784,438
Water & sewer			17,426,976	16,457,830	17,426,976	16,457,830
Parking			2,665,056	2,325,819	2,665,056	2,325,819
Recreation			1,866,341	1,960,279	1,866,341	1,960,279
Farmers market			344,946	327,228	344,946	327,228
Total expenses	53,452,260	52,859,520	22,303,319	21,071,156	75,755,579	73,930,676
Increase in net assets before transfers	148,862	2,479,713	5,840,570	5,696,729	5,989,432	8,176,442
Transfers	631,647	689,516	(631,647)	(689,516)	-	-
Increase in net assets	780,509	3,169,229	5,208,923	5,007,213	5,989,432	8,176,442
Net assets - beginning	147,418,068	144,248,839	71,430,026	66,422,814	218,848,094	210,671,653
Net assets - ending	\$ 148,198,577	\$ 147,418,068	\$ 76,638,949	\$ 71,430,026	\$ 224,837,526	\$ 218,848,095

Expenses and Program Revenues – Governmental Activities

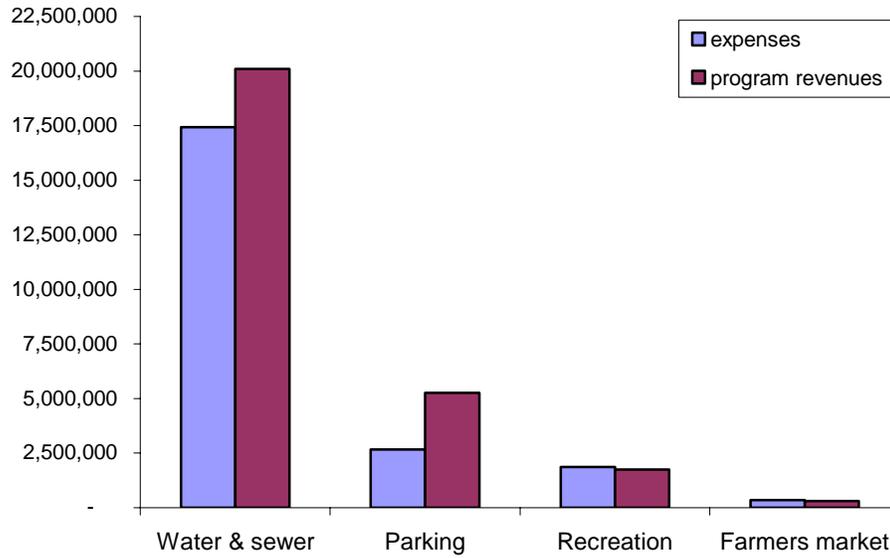


Revenues by Source – Governmental Activities

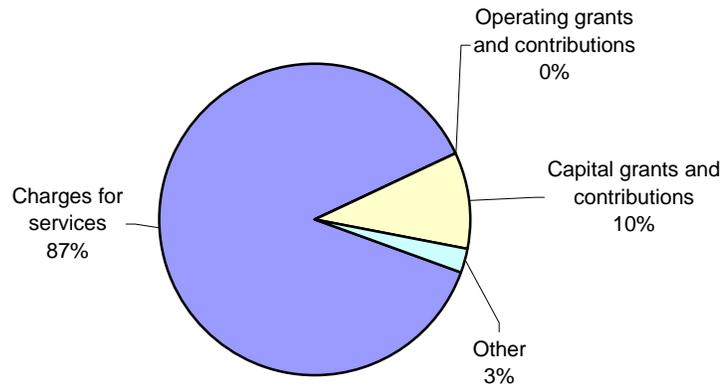


Business-Type Activities. Business-type activities increased the City of Royal Oak’s net assets by \$5,208,923. The major factor of this increase was the Water & Sewer revenue used to pay principal on debt.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Royal Oak's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Royal Oak's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Royal Oak's governmental funds reported combined ending fund balances of \$24,206,438, a decrease of \$1,350,412 in comparison with the prior year. Approximately 91 percent (\$22,004,854) of this total amount constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to cover restricted assets used for inventories (\$131,224), for an endowment (\$1,000) and to cover designated amounts for the subsequent year's expenditures (\$717,237).

The General Fund is the chief operating fund of the City of Royal Oak. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$8,323,551, while total fund balance was \$9,806,898. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 24 percent of total general fund expenditures, while total fund balance represents 28 percent of that same amount.

The fund balance of the City of Royal Oak's General Fund was increased by \$1,445,064 during the current fiscal year. The original budget allowed for use of fund balance, but due to the City's policy regarding attrition, expenditures were lower than original budget estimates, and fund balance actually increased.

The Solid Waste Fund has a total fund balance of \$4,430,687, all of which is unreserved and undesignated. The net increase in fund balance during the current year in the solid waste fund was \$535,976, which is due to solid waste collection and disposal costs coming in under budget.

Proprietary funds. The City of Royal Oak's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer System at the end of the year amounted to \$8,262,089. The total increase in net assets for Water and Sewer was \$3,414,464, as compared to a \$4,607,801 increase in the previous year.

Unrestricted net assets for the Automobile Parking System Fund amounted to \$6,699,204. The total increase in net assets for the Automobile Parking System Fund was \$1,904,721.

General Fund Budgetary Highlights

Expenditures in the General Fund were roughly \$1,800,000 less than the amount budgeted, which was mainly a result of lower personnel costs due to attrition. In addition, the General Fund's revenue was greater by about \$330,000 due to both cable franchise fees and state shared revenue ending the year more favorably than expected.

Capital Assets and Debt Administration

Capital Assets. The City of Royal Oak's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$255,420,118 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City of Royal Oak's investment in capital assets for the current fiscal year was 4 percent (a 1 percent increase for governmental activities and a 9 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the continued construction of the George Kuhn Drain project.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$66,774,752	\$66,774,752	\$9,992,579	\$4,768,191	\$76,767,331	\$71,542,943
Buildings	19,819,068	20,401,070	19,532,916	20,005,088	39,351,984	40,406,158
Improvements other than buildings	747,865	900,434	106,813	119,602	854,678	1,020,036
Machinery and equipment	7,991,278	8,381,193	324,283	380,024	8,315,561	8,761,217
Infrastructure	35,109,105	34,613,663	79,237,035	42,554,463	114,346,140	77,168,126
Intangibles	23,992	28,593	0	0	23,992	28,593
Construction in progress	8,539,327	6,948,348	7,221,105	38,749,126	15,760,432	45,697,474
Total	\$139,005,387	\$138,048,053	\$116,414,731	\$106,576,494	\$255,420,118	\$244,624,547

Additional information on the City of Royal Oak's capital assets can be found on pages 41-43 of this report.

Long-term debt. At the end of the current fiscal year, the City of Royal Oak had total debt outstanding of \$84,348,897. Of this amount, \$34,335,000 is limited general obligation debt issued by the City, which has pledged its full faith and credit for the repayment; dedicated revenue sources have been established for the repayment of this debt. A tax levy authorized by the citizens of Royal Oak funds \$6,700,000 of unlimited general obligation debt. Another \$8,947,387 of the debt was obtained through the State Revolving Fund and is an obligation of the City of Royal Oak and five surrounding communities; the City's portion of the debt is \$4,392,341 with the remainder being paid from receipts of the other five communities. Another \$30,149,462 of the debt is the City of Royal Oak's portion of County debt issued for the benefit of the City of Royal Oak and surrounding communities. The remainder of the debt is composed of vested benefits, general liability claims and unamortized bond discounts, issuance costs, and deferred loss.

Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Limited general obligation bonds	\$13,150,000	\$12,560,000	\$21,185,000	\$11,455,000	\$34,335,000	\$24,015,000
Unlimited general obligation bonds	6,700,000	7,065,000	0	0	6,700,000	7,065,000
State Revolving Fund	0	0	8,947,387	9,592,387	8,947,387	9,592,387
Contractual obligations	0	0	30,149,462	29,946,268	30,149,462	29,946,268
Compensated absences	3,979,016	3,858,399	365,714	357,223	4,344,730	4,215,622
General liability claims	517,000	548,800	53,500	57,600	570,500	606,400
Less: unamortized discount and deferred loss	(330,767)	(327,067)	(367,415)	(175,384)	(698,182)	(502,451)
Total	\$24,015,249	\$23,705,132	\$60,333,648	\$51,233,094	\$84,348,897	\$74,938,226

The City of Royal Oak's total debt increased by \$9,410,671 (13 percent) during the current fiscal year. The key factor in this increase was a new capital improvement bond in the Auto Parking, Water and Sewer, and Motor Pool Funds.

The City of Royal Oak's bond ratings are as follows:

Standard & Poor's	Unlimited AA+, Limited AA+
Moody's	Unlimited NR, Limited A1
Fitch	Unlimited AA-, Limited AA-

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The total assessed valuation base for the City of Royal Oak is \$2,991,369,550; therefore the current debt limitation for the City of Royal Oak is \$299,136,955 which is significantly in excess of the City of Royal Oak's outstanding general obligation debt.

Additional information on the City of Royal Oak's long-term debt can be found on pages 45-47 of this report.

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$8,323,551. The budget plan, as approved for the fiscal year 2009-2010, continues to maintain a minimum unreserved, undesignated fund balance of 10 percent of the current year's expenditures for unforeseen emergencies. The City originally budgeted for the transfer of \$775,000 from the Automobile Parking System fund and the planned use of fund balance of \$1,352,123 in the General Fund.

The Water and Sewer rate calculation method was changed to a graduated system for the 2007/08 budget year. For 2009-2010, the quarterly water and sewer rates are \$75 per 1,000 cubic feet for the first 2,000 cubic feet and \$82 for every 1,000 cubic feet thereafter. In addition all customers pay a \$10.25 flat fee per billing period.

Requests for Information

This financial report is designed to provide a general overview of the City of Royal Oak'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 Office of the Director of Finance, City of Royal Oak, 211 Williams Street, Royal Oak, MI 48067.

City of Royal Oak, Michigan
Statement of Net Assets
June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 36,103,625	\$ 9,768,979	\$ 45,872,604	\$ 776,579
Receivables, net of uncollectibles	6,614,798	11,543,909	18,158,707	78,786
Deposits and other assets	294,994	717,146	1,012,140	104,869
Internal balances	(304,534)	304,534	-	-
Inventories	331,695	161,262	492,957	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets, not being depreciated	75,314,079	17,213,684	92,527,763	3,591,645
Capital assets, being depreciated, net	63,691,308	99,201,047	162,892,355	929,247
Total assets	<u>182,046,965</u>	<u>138,910,561</u>	<u>320,957,526</u>	<u>5,481,126</u>
LIABILITIES				
Accounts payable	991,355	1,325,392	2,316,747	34,201
Accrued and other liabilities	3,619,855	598,152	4,218,007	10,913
Cash bonds and deposits	1,550,814	14,420	1,565,234	-
Unearned revenue	3,671,115	-	3,671,115	-
Noncurrent liabilities:				
Due within one year	2,384,000	3,701,927	6,085,927	152,213
Due in more than one year	21,631,249	56,631,721	78,262,970	32,201
Total liabilities	<u>33,848,388</u>	<u>62,271,612</u>	<u>96,120,000</u>	<u>229,528</u>
NET ASSETS				
Invested in capital assets, net of related debt	119,486,155	61,051,630	180,537,785	4,371,279
Restricted for:				
Highways and streets	7,556,762	-	7,556,762	-
Solid waste	4,430,687	-	4,430,687	-
Recreation and culture	1,766,907	2,653	1,769,560	-
Grants	599,600	-	599,600	-
Permanent fund:				
Expendable	10,278	-	10,278	-
Non-expendable	1,000	-	1,000	-
Unrestricted	<u>14,347,188</u>	<u>15,584,666</u>	<u>29,931,854</u>	<u>880,319</u>
Total net assets	<u>\$ 148,198,577</u>	<u>\$ 76,638,949</u>	<u>\$ 224,837,526</u>	<u>\$ 5,251,598</u>

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 9,178,697	\$ 5,032,372	\$ 101,796	\$ -	\$ (4,044,529)		\$ (4,044,529)	
Public safety	25,340,432	1,981,677	356,969	-	(23,001,786)		(23,001,786)	
Public works	12,008,559	496,673	-	37,760	(11,474,126)		(11,474,126)	
Health and welfare	720,452	959,100	-	-	238,648		238,648	
Community and economic development	1,382,073	249,152	2,546,194	835,270	2,248,543		2,248,543	
Recreation and culture	4,101,371	1,644,549	181,272	-	(2,275,550)		(2,275,550)	
Interest and paying agent fees	720,676	-	-	-	(720,676)		(720,676)	
Total governmental activities	53,452,260	10,363,523	3,186,231	873,030	(39,029,476)		(39,029,476)	
Business-type activities:								
Water & sewer	17,426,976	20,039,667	-	62,942		\$ 2,675,633	2,675,633	
Parking	2,665,056	2,570,487	-	2,690,150		2,595,581	2,595,581	
Recreation	1,866,341	1,747,139	-	-		(119,202)	(119,202)	
Farmers Market	344,946	295,731	6,870	-		(42,345)	(42,345)	
Total business-type activities	22,303,319	24,653,024	6,870	2,753,092		5,109,667	5,109,667	
Total primary government	\$ 75,755,579	\$ 35,016,547	\$ 3,193,101	\$ 3,626,122				
Component units:								
Tax Increment Financing Authority	\$ 5,392,243	\$ -	\$ 14,868	\$ -				\$ (5,377,375)
Downtown Development Authority	61,125	-	-	-				(61,125)
Economic Development Corporation	5,204	-	-	-				(5,204)
Housing Commission	1,329,860	-	1,290,685	-				(39,175)
Total component units	\$ 6,788,432	\$ -	\$ 1,305,553	\$ -				(5,482,879)
General revenues:								
Property taxes					27,744,049	-	27,744,049	2,779,898
State-shared revenues					8,873,213	-	8,873,213	
Unrestricted investment earnings					998,889	147,023	1,145,912	75,995
Miscellaneous					1,562,187	583,880	2,146,067	7,935
Transfers					631,647	(631,647)	-	-
Total general revenues and transfers					39,809,985	99,256	39,909,241	2,863,828
Change in net assets					780,509	5,208,923	5,989,432	(2,619,051)
Net assets - beginning					147,418,068	71,430,026	218,848,094	7,870,649
Net assets - ending					\$ 148,198,577	\$ 76,638,949	\$ 224,837,526	\$ 5,251,598

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>Solid Waste</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 11,940,094	\$ 4,615,178	\$ 10,191,504	\$ 26,746,776
Receivables, net of uncollectibles	451,658	56,750	4,204,216	4,712,624
Deposits and other assets	-	-	75,153	75,153
Due from other governmental units	828,941	-	1,062,253	1,891,194
Due from other funds	570,499	-	-	570,499
Inventories	131,224	-	-	131,224
Restricted assets, cash	-	-	1,000	1,000
Total assets	<u>\$ 13,922,416</u>	<u>\$ 4,671,928</u>	<u>\$ 15,534,126</u>	<u>\$ 34,128,470</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 263,512	\$ 176,218	\$ 355,551	\$ 795,281
Accrued and other liabilities	2,139,932	15,587	380,885	2,536,404
Due to other funds	-	-	570,499	570,499
Cash bonds and deposits	1,540,248	-	10,566	1,550,814
Deferred revenue	171,826	49,436	4,247,772	4,469,034
Total liabilities	<u>4,115,518</u>	<u>241,241</u>	<u>5,565,273</u>	<u>9,922,032</u>
Fund balances:				
Reserved for inventories	131,224	-	-	131,224
Reserved for endowment	-	-	1,000	1,000
Unreserved, designated for subsequent year's expenditures	1,352,123	-	-	1,352,123
Unreserved, designated for subsequent year's expenditures, reported in nonmajor				
Special revenue funds	-	-	717,237	717,237
Unreserved, undesignated	8,323,551	4,430,687	-	12,754,238
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	9,041,462	9,041,462
Debt service fund	-	-	34,911	34,911
Capital projects funds	-	-	163,965	163,965
Permanent fund	-	-	10,278	10,278
Total fund balances	<u>9,806,898</u>	<u>4,430,687</u>	<u>9,968,853</u>	<u>24,206,438</u>
Total liabilities and fund balances	<u>\$ 13,922,416</u>	<u>\$ 4,671,928</u>	<u>\$ 15,534,126</u>	<u>\$ 34,128,470</u>

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Total fund balances for governmental funds \$ 24,206,438

Total net assets reported for governmental activities in the statement of net assets is different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 132,427,723

- Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Details of this difference are as follows:

Net assets of the internal service funds	\$ 11,170,055	
Less: Internal payable representing charges in excess of cost to business-type activities	<u>(304,534)</u>	10,865,521

- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 797,919

- Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. Interest on Long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both Long-term and short-term, are reported in this statement of net assets.

Balances as of June 30, 2009 are:

Accrued interest on bonds		(165,391)
Bonds payable	\$ (16,115,000)	
Unamortized discounts	235,235	
Unamortized issuance costs	177,372	
Deferred loss	87,992	
General liability claims	(517,000)	
Compensated absences	<u>(3,802,232)</u>	
Total long-term liabilities		<u>(19,933,633)</u>

Total net assets of governmental activities \$ 148,198,577

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General	Solid Waste	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 18,508,993	\$ 6,429,984	\$ 2,955,734	\$ 27,894,711
Licenses and permits	1,314,150	-	1,141,818	2,455,968
Federal grants	-	-	1,787,930	1,787,930
State grants	5,347,680	-	3,913,474	9,261,154
Charges for services	3,299,220	3,485	503,604	3,806,309
Fines and forfeitures	3,794,443	-	380,631	4,175,074
Interest and rentals	1,037,459	57,072	226,032	1,320,563
Contributions and donations	328,681	-	1,482,874	1,811,555
Other revenue	941,765	17,368	603,054	1,562,187
Total revenues	<u>34,572,391</u>	<u>6,507,909</u>	<u>12,995,151</u>	<u>54,075,451</u>
EXPENDITURES				
Current:				
General government	8,955,355	-	48,869	9,004,224
Public safety	23,200,309	-	2,213,761	25,414,070
Public works	937,980	5,971,933	7,147,763	14,057,676
Health and welfare	712,703	-	-	712,703
Community and economic development	148,913	-	1,256,297	1,405,210
Recreation and culture	1,178,640	-	2,734,155	3,912,795
Debt service:				
Principal payments	-	-	865,000	865,000
Interest and paying agent fees	-	-	710,111	710,111
Total expenditures	<u>35,133,900</u>	<u>5,971,933</u>	<u>14,975,956</u>	<u>56,081,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(561,509)</u>	<u>535,976</u>	<u>(1,980,805)</u>	<u>(2,006,338)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,006,573	-	4,052,360	6,058,933
Transfers out	-	-	(5,403,007)	(5,403,007)
Total other financing sources (uses)	<u>2,006,573</u>	<u>-</u>	<u>(1,350,647)</u>	<u>655,926</u>
Net change in fund balances	1,445,064	535,976	(3,331,452)	(1,350,412)
Fund balances - beginning	<u>8,361,834</u>	<u>3,894,711</u>	<u>13,300,305</u>	<u>25,556,850</u>
Fund balances - ending	<u>\$ 9,806,898</u>	<u>\$ 4,430,687</u>	<u>\$ 9,968,853</u>	<u>\$ 24,206,438</u>

The notes to the financial statements are an integral part of this statement.

**City of Royal Oak, Michigan
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, 2009**

Net change in fund balances - total governmental funds \$ (1,350,412)

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

- Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,826,642), exceeded depreciation (\$2,479,766) in the current period. 1,346,876

- In the statement of activities, only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. 3,374

- Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt). 865,000

- Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than when it accrues. The adjustment combines the net changes of six balances.

Accrued interest on bonds	\$	6,600	
Amortization of bond discount		(17,165)	
Amortization of bond issuance costs		(13,212)	
Amortization of deferred loss		(5,932)	
General liability claims		31,800	
Compensated absences		(121,193)	
Combined adjustment		(119,102)	(119,102)

- Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. (455,338)

- Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Change in net assets of the internal service funds	\$	559,085	
Less: Profit from charges to business-type activities		(68,974)	
		490,111	490,111

Change in net assets of governmental activities \$ 780,509

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 18,517,144	\$ 18,517,144	\$ 18,508,993	\$ (8,151)
Licenses and permits	871,300	871,300	1,314,150	442,850
State grants	5,064,377	5,064,377	5,347,680	283,303
Charges for services	2,975,857	2,975,857	3,299,220	323,363
Fines and forfeitures	4,381,250	4,381,250	3,794,443	(586,807)
Interest and rentals	1,040,234	1,040,234	1,037,459	(2,775)
Contributions and donations	359,776	359,776	328,681	(31,095)
Other revenue	769,000	1,076,947	941,765	(135,182)
Total revenues	<u>33,978,938</u>	<u>34,286,885</u>	<u>34,572,391</u>	<u>285,506</u>
EXPENDITURES				
General government	9,439,196	9,565,857	8,955,355	(610,502)
Public safety	23,468,857	23,531,596	23,200,309	(331,287)
Public works	1,515,951	1,515,951	937,980	(577,971)
Health and welfare	714,787	714,787	712,703	(2,084)
Community and economic development	231,287	231,287	148,913	(82,374)
Recreation and culture	1,369,301	1,378,033	1,178,640	(199,393)
Total expenditures	<u>36,739,379</u>	<u>36,937,510</u>	<u>35,133,900</u>	<u>(1,803,610)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,760,441)	(2,650,625)	(561,509)	2,089,116
OTHER FINANCING SOURCES				
Transfers in	2,446,042	2,446,042	2,006,573	(439,469)
Total other financing sources	<u>2,446,042</u>	<u>2,446,042</u>	<u>2,006,573</u>	<u>(439,469)</u>
Net change in fund balance	<u>\$ (314,399)</u>	<u>\$ (204,583)</u>	<u>1,445,064</u>	<u>\$ 1,649,647</u>
Fund balance - beginning			<u>8,361,834</u>	
Fund balance - ending			<u>\$ 9,806,898</u>	

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Solid Waste Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 7,064,586	\$ 7,064,586	\$ 6,429,984	\$ (634,602)
Charges for services	6,000	6,000	3,485	(2,515)
Interest	60,000	60,000	57,072	(2,928)
Other revenue	8,000	8,000	17,368	9,368
Total revenues	<u>7,138,586</u>	<u>7,138,586</u>	<u>6,507,909</u>	<u>(630,677)</u>
EXPENDITURES				
Public works	<u>6,347,122</u>	<u>6,347,122</u>	<u>5,971,933</u>	<u>(375,189)</u>
Total expenditures	<u>6,347,122</u>	<u>6,347,122</u>	<u>5,971,933</u>	<u>(375,189)</u>
Excess of revenues over expenditures	791,464	791,464	535,976	(255,488)
OTHER FINANCING USES				
Transfers out	<u>(2,500)</u>	<u>(2,500)</u>	-	<u>(2,500)</u>
Net change in fund balance	<u>\$ 788,964</u>	<u>\$ 788,964</u>	535,976	<u>\$ (252,988)</u>
Fund balance - beginning			<u>3,894,711</u>	
Fund balance - ending			<u>\$ 4,430,687</u>	

The notes to the financial statements are an integral part of this statement.

**City of Royal Oak, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2009**

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds		Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 2,677,256	\$ 6,522,468	\$ 751,530	\$ 9,951,254	\$ 9,356,849
Receivables, net of uncollectibles	5,753,466	5,173	71,709	5,830,348	10,980
Deposits and other assets	243,264	469,907	3,975	717,146	42,469
Inventories	159,377	1,885	-	161,262	200,471
Total current assets	8,833,363	6,999,433	827,214	16,660,010	9,610,769
Noncurrent assets:					
Receivables, net of uncollectibles	4,555,333	-	-	4,555,333	-
Due from other governmental units	1,158,228	-	-	1,158,228	-
Capital assets	109,550,009	31,068,302	11,794,098	152,412,409	17,178,149
Accumulated depreciation	(24,540,210)	(7,909,854)	(3,547,614)	(35,997,678)	(10,600,485)
Capital assets, net of depreciation	85,009,799	23,158,448	8,246,484	116,414,731	6,577,664
Total noncurrent assets	90,723,360	23,158,448	8,246,484	122,128,292	6,577,664
Total assets	99,556,723	30,157,881	9,073,698	138,788,302	16,188,433
LIABILITIES					
Current liabilities:					
Accounts payable	1,004,125	72,249	249,018	1,325,392	196,074
Accrued and other liabilities	407,567	161,110	29,475	598,152	918,060
Due to other funds	-	-	182,275	182,275	-
Cash bonds and deposits	3,629	10,791	-	14,420	-
Long-term debt, due within one year	2,784,757	590,290	326,880	3,701,927	380,085
Total current liabilities	4,200,078	834,440	787,648	5,822,166	1,494,219
Noncurrent liabilities:					
Accrued compensated absences	192,551	35,489	27,674	255,714	126,699
Other long-term liabilities	38,800	5,300	5,400	49,500	-
Bonds payable	43,431,180	12,566,160	329,167	56,326,507	3,397,460
Total noncurrent liabilities	43,662,531	12,606,949	362,241	56,631,721	3,524,159
Total liabilities	47,862,609	13,441,389	1,149,889	62,453,887	5,018,378
NET ASSETS					
Invested in capital assets, net of related debt	43,432,025	10,017,288	7,602,317	61,051,630	2,850,204
Restricted for cultural activities			2,653	2,653	
Unrestricted	8,262,089	6,699,204	318,839	15,280,132	8,319,851
Total net assets	\$ 51,694,114	\$ 16,716,492	\$ 7,923,809	76,334,415	\$ 11,170,055

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

304,534

Net assets of business-type activities

\$ 76,638,949

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities - Enterprise Funds			Total	Governmental
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds		Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 20,039,667	\$ 2,570,487	\$ 2,042,870	\$ 24,653,024	\$ 5,562,539
Other	644,241	1,807	774	646,822	12,162
Total operating revenues	20,683,908	2,572,294	2,043,644	25,299,846	5,574,701
OPERATING EXPENSES					
Salaries and benefits	2,165,163	723,268	444,128	3,332,559	1,896,509
Supplies	236,404	178,408	57,253	472,065	957,178
Water purchases	2,990,576	-	-	2,990,576	-
Sewage disposal services	7,756,859	-	-	7,756,859	-
Other services and charges	1,762,444	688,930	1,397,152	3,848,526	830,254
Depreciation	2,135,713	568,493	282,991	2,987,197	1,169,274
Total operating expenses	17,047,159	2,159,099	2,181,524	21,387,782	4,853,215
Operating income (loss)	3,636,749	413,195	(137,880)	3,912,064	721,486
NONOPERATING REVENUES (EXPENSES)					
Federal grants	-	-	6,870	6,870	-
Interest income	25,741	107,031	14,251	147,023	240
Contributions and donations	-	2,690,150	-	2,690,150	-
Interest expense	(429,291)	(516,362)	(38,858)	(984,511)	(134,484)
Loss on sale of capital assets	-	-	-	-	(3,878)
Total nonoperating revenues (expenses)	(403,550)	2,280,819	(17,737)	1,859,532	(138,122)
Income before transfers	3,233,199	2,694,014	(155,617)	5,771,596	583,364
TRANSFERS IN	255,780	899,022	-	1,154,802	-
TRANSFERS OUT	(74,515)	(1,688,315)	(23,619)	(1,786,449)	(24,279)
Change in net assets	3,414,464	1,904,721	(179,236)	5,139,949	559,085
Total net assets - beginning	48,279,650	14,811,771	8,103,045		10,610,970
Total net assets - ending	\$ 51,694,114	\$ 16,716,492	\$ 7,923,809		\$ 11,170,055

Some amounts reported for business-type activities in the statement of net assets are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.

	68,974
Change in net assets of business-type activities	<u>\$ 5,208,923</u>

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities - Enterprise Funds				Governmental
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 20,558,679	\$ 2,552,801	\$ 2,030,001	\$ 25,141,481	\$ 139,101
Internal activity - receipts from other funds	-	-	69,243	69,243	5,423,444
Other operating receipts	644,241	1,807	-	646,048	25,323
Payments to vendors	(11,610,397)	(691,564)	(1,132,415)	(13,434,376)	(1,627,726)
Payments to employees	(1,119,662)	(378,216)	(285,260)	(1,783,138)	(1,040,863)
Payments of benefits on behalf of employees	(889,017)	(236,030)	(160,072)	(1,285,119)	(917,941)
Internal activity - payments to other funds	(1,258,954)	(232,613)	(112,849)	(1,604,416)	(205,198)
Net cash provided by operating activities	6,324,890	1,016,185	408,648	7,749,723	1,796,140
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant proceeds	-	-	6,871	6,871	-
Transfers from other funds	255,780	899,022	-	1,154,802	-
Transfers to other funds	(74,515)	(1,688,315)	(23,619)	(1,786,449)	(24,279)
Net cash provided by (used in) noncapital financing activities	181,265	(789,293)	(16,748)	(624,776)	(24,279)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(6,204,133)	(6,411,024)	(210,277)	(12,825,434)	(836,123)
Principal paid on capital debt	(2,443,181)	(335,000)	(295,000)	(3,073,181)	(215,000)
Interest paid on capital debt	(414,129)	(506,457)	(35,358)	(955,944)	(135,180)
Contributions and donations used for debt service	-	2,690,150	-	2,690,150	-
Proceeds from sale of capital assets	-	-	-	-	55,887
Proceeds from issuance of bonds	5,039,777	7,105,000	-	12,144,777	1,278,900
Net cash provided by (used in) capital and related financing activities	(4,021,666)	2,542,669	(540,635)	(2,019,632)	148,484
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	25,741	107,031	14,251	147,023	240
Net cash provided by investing activities	25,741	107,031	14,251	147,023	240
Net increase (decrease) in cash and cash equivalents	2,510,230	2,876,592	(134,484)	5,252,338	1,920,585
Cash and investments balances - beginning	167,026	3,645,876	886,014	4,698,916	7,436,264
Cash and investments balances - ending	\$ 2,677,256	\$ 6,522,468	\$ 751,530	\$ 9,951,254	\$ 9,356,849
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 3,636,749	\$ 413,195	\$ (137,880)	\$ 3,912,064	\$ 721,486
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,135,713	568,493	282,991	2,987,197	1,169,274
Changes in assets and liabilities:					
Receivables	382,006	14,154	(13,649)	382,511	13,161
Deposits and other assets	(197,121)	(40,081)	-	(237,202)	(7,279)
Due from other governmental units	328,365	-	-	328,365	-
Inventories	23,655	1,167	-	24,822	(15,971)
Accounts payable	(64,249)	(42,797)	103,865	(3,181)	(299)
Accrued and other liabilities	78,037	89,728	(9,286)	158,479	(83,655)
Due to other funds	-	-	182,275	182,275	-
Cash bonds and deposits	(2,260)	8,241	-	5,981	-
Accrued compensated absences	3,974	4,185	332	8,491	(577)
Long-term receivable	8,021	-	-	8,021	-
Decrease in other long-term liabilities	(8,000)	(100)	-	(8,100)	-
Net cash provided by operating activities	\$ 6,324,890	\$ 1,016,185	\$ 408,648	\$ 7,749,723	\$ 1,796,140

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Combining Statement of Net Assets
Component Units
June 30, 2009

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total
ASSETS					
Current assets:					
Cash and investments	\$ 639,201	\$ 1,649	\$ 18,209	\$ 117,520	\$ 776,579
Receivables, net of uncollectibles	76,386	2,400	-	-	78,786
Deposits and other assets	1,899	-	-	102,970	104,869
Total current assets	<u>717,486</u>	<u>4,049</u>	<u>18,209</u>	<u>220,490</u>	<u>960,234</u>
Noncurrent assets:					
Capital assets, not being depreciated	3,591,645	-	-	-	3,591,645
Capital assets, being depreciated, net	929,086	-	-	161	929,247
Total noncurrent assets	<u>4,520,731</u>	<u>-</u>	<u>-</u>	<u>161</u>	<u>4,520,892</u>
Total assets	<u>5,238,217</u>	<u>4,049</u>	<u>18,209</u>	<u>220,651</u>	<u>5,481,126</u>
LIABILITIES					
Current liabilities:					
Accounts payable	29,976	468	-	3,757	34,201
Accrued and other liabilities	6,575	1,535	-	2,803	10,913
Current portion of long-term debt	150,253	480	-	1,480	152,213
Total current liabilities	<u>186,804</u>	<u>2,483</u>	<u>-</u>	<u>8,040</u>	<u>197,327</u>
Noncurrent liabilities:					
Accrued compensated absences	9,334	6,996	-	12,871	29,201
Noncurrent portion of long-term debt	-	-	-	3,000	3,000
Total noncurrent liabilities	<u>9,334</u>	<u>6,996</u>	<u>-</u>	<u>15,871</u>	<u>32,201</u>
Total liabilities	<u>196,138</u>	<u>9,479</u>	<u>-</u>	<u>23,911</u>	<u>229,528</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,371,118	-	-	161	4,371,279
Unrestricted	670,961	(5,430)	18,209	196,579	880,319
Total net assets	<u>\$ 5,042,079</u>	<u>\$ (5,430)</u>	<u>\$ 18,209</u>	<u>\$ 196,740</u>	<u>\$ 5,251,598</u>

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets				Totals
	Expenses	Operating Grants and Contributions	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	
Tax Increment Financing Authority							
Public works	\$ 5,379,833	\$ 14,868	\$ (5,364,965)				\$ (5,364,965)
Interest on long-term debt	12,410	-	(12,410)				(12,410)
Total - Tax Increment Financing Authority	5,392,243	14,868	(5,377,375)				(5,377,375)
Downtown Development Authority							
General government	61,125	-		\$ (61,125)			(61,125)
Brownfield Redevelopment Authority							
	5,204	-			\$ (5,204)		(5,204)
Housing Commission							
General government	151,484	112,309				\$ (39,175)	(39,175)
Health and welfare	1,178,376	1,178,376				-	-
Total - Housing Commission	1,329,860	1,290,685				(39,175)	(39,175)
Total component units	\$ 6,788,432	\$ 1,305,553					(5,482,879)
General revenues:							
Property taxes			2,712,951	50,217	16,730	-	2,779,898
Unrestricted investment earnings			70,968	-	-	5,027	75,995
Miscellaneous			7,935	-	-	-	7,935
Total general revenues and transfers			2,791,854	50,217	16,730	5,027	2,863,828
Change in net assets			(2,585,521)	(10,908)	11,526	(34,148)	(2,619,051)
Net assets - beginning			7,627,600	5,478	6,683	230,888	7,870,649
Net assets - ending			\$ 5,042,079	\$ (5,430)	\$ 18,209	\$ 196,740	\$ 5,251,598

The notes to the financial statements are an integral part of this statement.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The City of Royal Oak operates under the Council/Manager form of government. The City of Royal Oak is governed by an elected seven-member Commission, including an elected mayor, which appoints the City Manager who oversees the administration and operations of the City.

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

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

Building Authority: A Board that is appointed by the City Commission governs the Building Authority. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole business activity is acquiring and leasing property to the City. Activity in the fund, at this time, includes the repayment of Ice Arena Bonds issued to construct a second rink, which is combined with the Ice Arena Enterprise Fund for inclusion in the City's financial statements; the repayment of General Obligation Bonds related to the construction of a courthouse; the repayment of General Obligation Bonds related to the construction of a parking deck which is combined with the Automobile Parking System Enterprise Fund for inclusion in the City's financial statements; the repayment of Fire Improvement Bonds related to the construction of two fire stations, the renovation of one fire station, and for the purchase of various fire apparatus and equipment; and the recognition of expenditures for the renovation of the library and the repayment of the related General Obligation Bonds.

Parking Authority: A Board that is appointed by the City Commission governs the Parking Authority. Although it is also legally separate from the City, it is reported as part of the primary government because its sole business activity is acquiring and leasing property to the City. The financial statements of the Parking Authority are consolidated with the Automobile Parking System Enterprise Fund for inclusion in the City's financial statements. This authority is scheduled to be dissolved upon the retirement of the 1995 Parking Authority Refunding Bonds.

Discretely Presented Component Units: The component units column in the combined financial statement includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the officials of the primary government are financially accountable. The component units do not report separately. Financial accountability is defined as the appointment of a

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

voting majority of the component unit's Board, and either (a) the ability to impose the will of the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Downtown Development Authority and Tax Increment Financing Authority: The Downtown Development Authority and the Tax Increment Financing Authority were created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authorities share the same governing body, consisting of 11 individuals who are selected by the City Manager and then approved by the City Commission. In addition, the Authorities' budgets are subject to approval by the City Commission. The Authorities are expected to provide a financial benefit to the City. The Authorities use the modified accrual basis of accounting. The component units do not issue separate financial statements.

Brownfield Redevelopment Authority: The Brownfield Redevelopment Authority is authorized by the state legislature, to help cleanup contaminated properties using property tax capture. This Authority's governing body, which consists of five individuals, is selected by the Mayor and approved by the City Commission. The BRA is expected to provide a financial benefit to the City. The Authority uses the modified accrual basis of accounting. The component unit does not issue separate financial statements.

Housing Commission: The Housing Commission is a federally funded program that provides rental assistance for low to moderate-income families. The Housing Commission's governing body, which consists of five individuals, is selected by the City Manager and approved by the City Commission. The Authority is expected to provide a financial benefit to the City. The Housing Commission uses the modified accrual basis of accounting. The component unit does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements:

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

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.

C. 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, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Solid Waste Fund accounts for the collection of a separate tax millage that is used to fund refuse collection and disposal.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

The government reports the following major proprietary funds:

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

The Automobile Parking System Fund accounts for the operation and maintenance of the City-owned parking lots and structures.

Additionally, the government reports the following fund types:

Internal Service Funds are used to account for information systems services, fleet management services and workers' compensation insurance coverage provided to other departments on a cost-reimbursement basis.

The Agency Funds are used to account for monies held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments, specifically funds from district court fines and costs, property tax collection, and miscellaneous agencies like performance bonds, PEG fees, and contributions for the Acorn Foundation and Historical Commission's Starr House.

Two Trust Funds account for the activities of the City of Royal Oak Retirement System, which accumulates resources for pension benefit payments to qualified employees, and the City of Royal Oak Retiree Health Care Plan, which accumulates resources to pay other postemployment benefits (OPEB), in this case health benefits for qualified retirees.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value. The Pension Trust Fund investments are valued in accordance with GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

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

2. Receivables and Payables

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

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

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

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

3. Inventories and Prepaid Items

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

4. Restricted Assets

Certain revenues and resources of the City are classified as restricted assets on the statement of net assets because their use is limited. Proprietary fund restricted assets are held subject to bond covenants and reserved for future capital expenditures. Permanent fund restricted assets are restricted by a legal endowment.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. During the year, \$772,759 of interest was capitalized as part of the cost of assets under construction.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and renovations	25 to 50
Improvements	10 to 20
Infrastructure	15 to 50
Vehicles	5 to 8
Equipment	5 to 15
Intangibles	10

6. Compensated Absences

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds and the permanent fund, which are not budgeted. All annual appropriations lapse at fiscal year end, except for those approved by the City Commission for carry forward. The legal level of budgetary control is the functional level.

Department heads submit requests for appropriations to the City Manager so that a budget may be prepared. The proposed budget is presented to the City Commission for review. The Commission holds public hearings, and a final budget must be prepared and adopted no later than June 30th. The appropriated budget is prepared by fund, function, and department. Budget adjustments are submitted for Commission approval on a quarterly basis. The Commission made several supplemental budgetary appropriations throughout the year mostly a result of the mid-year review. The supplementary budgetary appropriations made in the general fund were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end lapse, therefore do not constitute expenditures or liabilities because commitments will be reappropriated and honored during the subsequent year.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, the City of Royal Oak incurred expenditures in certain budgeted funds which were in excess of the amount appropriated, as follows:

<u>Budget Item</u>	<u>Budget</u> <u>Appropriation</u>	<u>Actual</u> <u>Expenditure</u>
Major Streets Fund – Public Works	\$1,504,635	\$1,865,219
Local Streets Fund – Public Works	1,487,820	1,695,828
Local Streets Fund – Transfers Out	900,000	1,081,063
Acorn Fund – Recreation and Culture	60,294	61,111
Acorn Fund – Transfers Out	15,000	15,922

The Brownfield Redevelopment Fund did not have an approved budget.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

C. Deficit fund equity

The primary government had two funds with deficit fund balance as of June 30, 2009. The State Construction Code special revenue fund had a deficit fund balance of \$164,570 as building activity/permit revenue dropped nearly \$245,000 in the recession. Several building inspection personnel have been reassigned to other revenue generating duties, department fees have been increased in line with other communities, and discussions with neighboring cities are being pursued to consolidate inspection services. If additional funds are needed, the City plans to transfer funds from the General Fund to cover excess expenditures.

The component unit Downtown Development Authority operating fund deficit of \$5,430 will be corrected by an operating transfer from the DDA Tax Increment Financing Authority fund.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

The City of Royal Oak's investment policy allows for all of these types of investments. Investments of the City of Royal Oak Retirement System are subject to a number of restrictions as to type, quality and concentration of investments. Retirement System investments are held in a trust fund administered by Merrill Lynch.

At year-end the City of Royal Oak deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and investments	\$ 36,103,625	\$ 9,768,979	\$ 3,160,883	\$ 49,033,487	\$ 776,579
Investments	-	-	106,648,078	106,648,078	-
Restricted assets	1,000	-	-	1,000	-
Total	\$ 36,104,625	\$ 9,768,979	\$ 109,808,961	\$ 155,682,565	\$ 776,579

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 51,768,098	\$ 776,579
Investments in Debt Securities	47,568,001	
Investments in Equity Securities	56,341,116	
Petty Cash and Cash on Hand	5,350	
Total	\$ 155,682,565	\$ 776,579

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

Investment and deposit risk

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City of Royal Oak's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City had the following debt securities and maturities as of June 30, 2009:

	Fair Value	Investment Maturities (in Years)				Credit Ratings Range	
		Less than 1	1 - 5	6 -10	>10	Standard & Poors	Moody's
U.S. agencies	\$29,152,764	\$ -	\$ 8,654,614	\$ 6,308,399	\$14,189,751	*	*
Corporate bonds	18,415,237	37,075	6,244,634	6,237,078	5,896,450	AAA to BB	Aaa to Ba1
Total	\$47,568,001	\$ 37,075	\$14,899,248	\$12,545,477	\$20,086,201		

*The City's investments in U.S. agencies implicitly guaranteed by the U.S. government (e.g., securities issued by the Federal National Mortgage Association (FNMA), the Federal Home Loan Banks (FHLB), and the Federal Home Loan Mortgage Corporation (FHLMC)) were rated AAA by Standard & Poors and Aaa by Moody's Investor Service.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City of Royal Oak's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings range for each investment type is identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Royal Oak's deposits may not be returned. State law does not require and the City of Royal Oak does not have a policy for deposit custodial credit risk. As of June 30, 2009, \$40,429,535 of the City of Royal Oak's bank balance of \$49,981,726 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of year end, \$1,812,743 of the component unit's bank balance of \$2,056,186 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Royal Oak will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City of Royal Oak does not have a policy for investment custodial credit risk. Of the above \$47,568,001 in investments, the City of Royal Oak has a custodial credit risk exposure of \$18,330,252 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk, and the City of Royal Oak does not have a policy specifying limits on concentration of credit risk. At June 30, 2009, there were no individual investments with a fair value that represent 5% or more of the City's investments; and other than U.S. agencies, the City did not have 5% or more invested with any one issuer.

B. Receivables

Receivables at year end at the government-wide level for governmental activities, including the applicable allowances for doubtful accounts, are as follows:

Receivables:	General Fund	Solid Waste	Nonmajor and Other Funds	Internal Service Funds	Total	Not Expected to be Collected Within One Year
Taxes	\$ 233,826	\$ 70,622	\$ 31,671	\$ -	\$ 336,119	\$ -
Accounts	347,038	1,882	12,553	10,980	372,453	-
Loans Receivable	-	-	3,594,582	-	3,594,582	3,594,582
Special Assessments	-	-	554,488	-	554,488	141,000
Intragovernmental	828,941	-	1,062,253	-	1,891,194	-
Interest and other	70,991	5,432	20,424	-	96,847	-
Gross Receivables	1,480,796	77,936	5,275,971	10,980	6,845,683	3,735,582
Less: Allowance for uncollectibles	(200,197)	(21,186)	(9,502)	-	(230,885)	-
Net receivables, per fund financials	\$ 1,280,599	\$ 56,750	\$ 5,266,469	\$ 10,980	\$ 6,614,798	\$ 3,735,582

Receivables at year end at the government-wide level for business-type activities are as follows:

Receivables:	Water and Sewer	Auto Parking	Nonmajor Enterprise Funds	Total	Not Expected to be Collected Within One Year
Accounts	\$ 11,570,835	\$ 1,294	\$ 71,169	\$ 11,643,298	\$ 5,713,561
Interest and other	-	3,879	540	4,419	-
Gross Receivables	11,570,835	5,173	71,709	11,647,717	5,713,561
Less: Allowance for uncollectibles	(103,808)	-	-	(103,808)	-
Net receivables, per fund financials	\$ 11,467,027	\$ 5,173	\$ 71,709	\$ 11,543,909	\$ 5,713,561

City of Royal Oak, Michigan
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Receivables at year end at the government-wide level for component units are as follows:

	Component Units
Receivables:	
Taxes	\$ 101,117
Interest and other	8,004
Gross Receivables	<u>109,121</u>
Less: Allowance for uncollectibles	<u>(30,335)</u>
Net receivables, per fund financials	<u><u>\$ 78,786</u></u>

Of the Component Unit receivables, all are expected to be collected within the next year.

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

	Unavailable	Unearned
Delinquent Personal Property Taxes	\$ 243,431	\$ -
Special Assessments	554,488	-
Grant Drawdowns Prior to Meeting Eligibility Requirements	<u>-</u>	<u>3,671,115</u>
Total - fund financials	797,919	3,671,115
less: revenue recognized under full accrual	<u>(797,919)</u>	<u>-</u>
Total - government-wide financials	<u><u>\$ -</u></u>	<u><u>\$ 3,671,115</u></u>

City of Royal Oak, Michigan
Notes to Financial Statements
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C. Capital Assets:

Capital asset activity for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 66,774,752	\$ -	\$ -	\$ 66,774,752
Construction in progress	6,948,348	3,429,503	(1,838,524)	8,539,327
Total capital assets, not being depreciated	<u>73,723,100</u>	<u>3,429,503</u>	<u>(1,838,524)</u>	<u>75,314,079</u>
Capital assets, being depreciated				
Buildings	30,652,625	41,640	-	30,694,265
Improvements other than buildings	3,966,582	-	(68,035)	3,898,547
Machinery and equipment	21,323,973	1,181,622	(2,061,530)	20,444,065
Infrastructure	88,155,319	1,838,524	-	89,993,843
Intangibles	450,587	10,000	(48,858)	411,729
Total capital assets being depreciated	<u>144,549,086</u>	<u>3,071,786</u>	<u>(2,178,423)</u>	<u>145,442,449</u>
Less accumulated depreciation for:				
Buildings	(10,251,555)	(623,642)	-	(10,875,197)
Improvements other than buildings	(3,066,147)	(144,197)	59,662	(3,150,682)
Machinery and equipment	(12,942,780)	(1,523,517)	2,013,510	(12,452,787)
Infrastructure	(53,541,656)	(1,343,082)	-	(54,884,738)
Intangibles	(421,993)	(14,602)	48,858	(387,737)
Total accumulated depreciation	<u>(80,224,131)</u>	<u>(3,649,040)</u>	<u>2,122,030</u>	<u>(70,488,207)</u>
Total capital assets, being depreciated, net	<u>64,324,955</u>	<u>(577,254)</u>	<u>(56,393)</u>	<u>63,691,308</u>
Governmental activities capital assets, net	<u>\$ 138,048,055</u>	<u>\$ 2,852,249</u>	<u>\$ (1,894,917)</u>	<u>\$ 139,005,387</u>

City of Royal Oak, Michigan
Notes to Financial Statements
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 4,768,191	\$ 5,224,388	\$ -	\$ 9,992,579
Construction in progress	38,749,126	5,774,281	(37,302,302)	7,221,105
Total capital assets, not being depreciated	<u>43,517,317</u>	<u>10,998,669</u>	<u>(37,302,302)</u>	<u>17,213,684</u>
Capital assets, being depreciated				
Buildings	29,147,218	261,750	-	29,408,968
Improvements other than buildings	311,957	-	-	311,957
Machinery and equipment	1,458,696	-	(138,683)	1,320,013
Infrastructure	65,290,470	38,867,317	-	104,157,787
Total capital assets being depreciated	<u>96,208,341</u>	<u>39,129,067</u>	<u>(138,683)</u>	<u>135,198,725</u>
Less accumulated depreciation for:				
Buildings	(9,142,130)	(733,922)	-	(9,876,052)
Improvements other than buildings	(192,355)	(12,789)	-	(205,144)
Machinery and equipment	(1,078,672)	(55,741)	138,683	(995,730)
Infrastructure	(22,736,007)	(2,184,745)	-	(24,920,752)
Total accumulated depreciation	<u>(33,149,164)</u>	<u>(2,987,197)</u>	<u>138,683</u>	<u>(35,997,678)</u>
Total capital assets, being depreciated, net	<u>63,059,177</u>	<u>36,141,870</u>	<u>-</u>	<u>99,201,047</u>
Business-type activities capital assets, net	<u>\$ 106,576,494</u>	<u>\$ 47,140,539</u>	<u>\$ (37,302,302)</u>	<u>\$ 116,414,731</u>

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

Governmental activities:	
General government	\$ 341,454
Public safety	263,712
Public works	1,411,158
Health and welfare	12,199
Community and economic development	90
Recreation and culture	451,153
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,169,274
Total depreciation expense - governmental activities	<u>\$ 3,649,040</u>
Business-type activities:	
Water and sewer	\$ 2,135,713
Parking	568,493
Recreation	225,205
Farmers market	57,786
Total depreciation expense - business-type activities	<u>\$ 2,987,197</u>

City of Royal Oak, Michigan
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Construction Commitments

The City has active construction projects as of June 30, 2009. The projects include infrastructure improvements as well as the renovation of the Library. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Buildings	\$ 214,965	\$ 54,389
Street Projects	7,849,754	2,552,312
Water Projects	2,288,109	2,085,607
Sidewalks	1,738,035	280,355
 Total	 <u>\$ 12,090,863</u>	 <u>\$ 4,972,664</u>

Oakland County has a major contract on the George W. Kuhn project, of which \$38,282,000 has been spent to date and is attributable to the City of Royal Oak.

Discretely presented component units

Capital asset activity for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component units:				
Capital assets, not being depreciated				
Land	\$ 2,895,755	\$ -	\$ -	\$ 2,895,755
Construction in progress	678,899	46,880	(29,889)	695,890
Total capital assets, not being depreciated	<u>3,574,654</u>	<u>46,880</u>	<u>(29,889)</u>	<u>3,591,645</u>
 Capital assets, being depreciated				
Improvements other than buildings	814,565	46,397	-	860,962
Equipment	15,247	-	(10,000)	5,247
Infrastructure	439,529	-	-	439,529
Total capital assets being depreciated	<u>1,269,341</u>	<u>46,397</u>	<u>(10,000)</u>	<u>1,305,738</u>
 Less accumulated depreciation for:				
Improvements other than buildings	(83,016)	(56,898)	-	(139,914)
Equipment	(13,345)	(1,741)	10,000	(5,086)
Infrastructure	(212,656)	(18,835)	-	(231,491)
Total accumulated depreciation	<u>(309,017)</u>	<u>(77,474)</u>	<u>10,000</u>	<u>(376,491)</u>
 Total capital assets, being depreciated, net	 <u>960,324</u>	 <u>(31,077)</u>	 <u>-</u>	 <u>929,247</u>
 Component unit capital assets, net	 <u>\$ 4,534,978</u>	 <u>\$ 15,803</u>	 <u>\$ (29,889)</u>	 <u>\$ 4,520,892</u>

There was \$77,474 in depreciation expense, \$75,733 of which was charged to the Tax Increment Financing Authority activity and \$1,741 was charged to the Housing Commission.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	No major governmental	<u>\$ 570,499</u>

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

Interfund transfers between the funds within the primary government were as follows:

<u>Transfer out:</u>	<u>Transfer in:</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor governmental funds</u>	<u>Water & sewer</u>	<u>Automobile parking system</u>	
No major governmental funds	\$ 1,335,531	\$ 2,912,675	\$ 255,780	\$ 899,022	\$ 5,403,008
Internal service funds	-	24,279	-	-	24,279
Water & Sewer Fund	-	74,515	-	-	74,515
Automobile Parking System	671,042	1,017,272	-	-	1,688,314
Nonmajor enterprise funds	-	23,619	-	-	23,619
	<u>\$ 2,006,573</u>	<u>\$ 4,052,360</u>	<u>\$ 255,780</u>	<u>\$ 899,022</u>	<u>\$ 7,213,735</u>

Interfund transfers occur during the normal course of operations, for instance to fund capital projects. All interfund balances are expected to be collected within one year.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

E. Long-Term Debt:

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the City. Bond and contractual obligation activity and other long-term liabilities can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Limited tax general obligation-Court	\$ 5,900,000	\$ -	\$ (270,000)	\$ 5,630,000	\$ 280,000
Limited tax general obligation-Library	3,255,000	-	(160,000)	3,095,000	170,000
Unlimited tax general obligation bonds	7,065,000	-	(365,000)	6,700,000	385,000
Limited tax general obligation	3,405,000	1,305,000	(285,000)	4,425,000	405,000
Compensated absences	3,858,399	1,232,974	(1,112,357)	3,979,016	1,113,000
General liability claims	548,800	-	(31,800)	517,000	31,000
	24,032,199	2,537,974	(2,224,157)	24,346,016	2,384,000
Less: unamortized discount	(233,143)	(26,100)	16,468	(242,775)	-
Less: deferred loss	(93,924)	-	5,932	(87,992)	-
Total governmental activity long-term liabilities	\$ 23,705,132	\$ 2,511,874	\$ (2,201,757)	\$ 24,015,249	\$ 2,384,000
Business-type activities					
Limited tax general obligation-Ice Arena	\$ 945,000	\$ -	\$ (295,000)	\$ 650,000	\$ 315,000
Limited tax general obligation-Parking	6,470,000	7,250,000	(335,000)	13,385,000	575,000
Limited tax general obligation-Water	4,040,000	3,270,000	(160,000)	7,150,000	265,000
Drain bond - North Arm Relief Drain	9,592,387	-	(645,000)	8,947,387	660,000
Contractual obligations	29,946,268	1,841,375	(1,638,181)	30,149,462	1,772,927
Compensated absences	357,223	118,163	(109,672)	365,714	110,000
General liability claims	57,600	-	(4,100)	53,500	4,000
	51,408,478	12,479,538	(3,186,953)	60,701,063	3,701,927
Less: unamortized discount	(175,384)	(210,400)	18,369	(367,415)	-
Total business-type activity long-term liabilities	\$ 51,233,094	\$ 12,269,138	\$ (3,168,584)	\$ 60,333,648	\$ 3,701,927
Component units					
Limited tax development bonds	\$ 300,000	\$ -	\$ (150,000)	\$ 150,000	\$ 150,000
Compensated absences	26,152	6,574	(1,525)	31,201	2,000
General liability claims	3,600	-	-	3,600	600
	329,752	6,574	(151,525)	184,801	152,600
Less: unamortized discount	(1,547)	-	1,160	(387)	(387)
Total component unit long-term liabilities	\$ 328,205	\$ 6,574	\$ (150,365)	\$ 184,414	\$ 152,213

City of Royal Oak, Michigan
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Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, approximately \$176,784 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

The original amount of general obligation bonds, interest rate and maturity information is as follows:

Purpose	Interest Rate	Maturing Through	Original Issue Amount	Principal Outstanding
Governmental activities	3.0%-6.25%	2029	\$ 17,475,000	\$ 14,220,000
Governmental activities - refunding	4.0%-4.375%	2024	6,590,000	5,630,000
Business-type activities	2.25%-6.25%	2029	64,419,706	49,624,402
Business-type activities - refunding	4.0%-5.125%	2026	12,722,949	10,657,447
Component units	5.1%	2009	1,160,000	150,000
			<u>\$ 102,367,655</u>	<u>\$ 80,281,849</u>

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

Years Ending June 30	Governmental Activities		Business-Type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,240,000	\$ 839,641	\$ 3,587,928	\$ 2,039,528	\$ 150,000	\$ 4,500
2011	1,275,000	791,271	3,702,384	1,922,666	-	-
2012	1,330,000	740,709	3,350,346	1,810,104	-	-
2013	1,380,000	687,363	3,457,018	1,709,121	-	-
2014	1,445,000	630,473	3,546,428	1,604,358	-	-
2015-2019	7,270,000	2,222,765	19,225,074	6,304,093	-	-
2020-2024	5,680,000	673,786	17,903,191	3,207,211	-	-
2025-2029	230,000	37,000	5,509,480	720,921	-	-
Total	<u>\$ 19,850,000</u>	<u>\$ 6,623,008</u>	<u>\$ 60,281,849</u>	<u>\$ 19,318,002</u>	<u>\$ 150,000</u>	<u>\$ 4,500</u>

No Commitment Debt: Excluded from the governmental activity debt are bonds issued under Act No. 38, Public Acts of Michigan, 1969, as amended, to provide a method to enable nonprofit private hospitals to construct health care facilities. Also, revenue bonds issued by the Economic Development Corporation issued to acquire and lease property to third parties are excluded. The revenue bonds issued are payable solely from the net revenue derived from the hospital operations and the EDC leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source.

City of Royal Oak, Michigan
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Obligations for George W. Kuhn Project: The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through the sale of drain bonds, draw downs from the State of Michigan revolving fund, Federal and State of Michigan grants, and contributions from Oakland County, Michigan. The City along with thirteen other local communities are obligated for the payment of principal and interest of the outstanding debt. It is currently anticipated that the City's obligation at the end of construction will be approximately \$37,906,752 with an interest rate of 1.65-4.5%. As of June 30, 2009, the City's obligation is \$29,147,421 in principal.

F. Restricted Assets

The balance of the restricted asset accounts in the governmental activities is as follows:

Endowments	<u>\$ 1,000</u>
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NOTE 4 – Other Information

A. Risk Management

The government is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal Risk Management Authority for general property and liability claims.

The Michigan Municipal Risk Management Authority risk pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to establish a member loss fund. The loss fund is used to pay the member's self-insured retention portion of claims.

The City of Royal Oak has a \$250,000 per occurrence self-insured retention for liability claims and \$15,000,000 per occurrence of excess liability insurance coverage. Coverage limits, retentions and deductibles for other types of coverage vary. All coverage is on an occurrence basis except for a stop loss policy which is on a claims paid basis. The stop loss policy limits the maximum total self-insured retention payments in any one fiscal year to \$872,000. Settlements have not exceeded coverages for each of the past three fiscal years.

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End of Year</u>
2008	\$ 351,000	\$ 259,000	\$ -	\$ 610,000
2009	610,000	-	(35,900)	574,100

City of Royal Oak, Michigan
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The City was unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. Therefore, the City utilizes the Workers Compensation Fund, an internal service fund, to account for and finance its uninsured risks of loss related to employee work related accidents.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$450,000. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the reported liability for the fiscal years 2008 and 2009 are as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End of Year</u>
2008	\$ 648,431	\$ 721,700	\$ (451,862)	\$ 918,269
2009	918,269	225,341	(320,355)	823,255

B. Contingent Liabilities

Litigation: Various lawsuits are pending against the City, some of which are for substantial amounts. On the basis of opinions and information furnished by the City Attorney and Risk Manager, it is the judgment of City management that the ultimate liabilities, if any, resulting from such lawsuits would not materially affect the financial position of the City.

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the City expects such amounts to be immaterial.

City of Royal Oak, Michigan
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C. Joint Ventures

The City is a member of the Southeastern Oakland County Resource Recovery Authority, which consists of 14 municipalities in Oakland County and provides refuse collection and disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2009, the City expensed approximately \$4,061,000 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

The City is also a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2009 the City expensed approximately \$2,991,000 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

D. Other post-employment benefits

The City provides post-employment health and dental care benefits, as per the requirements of union contracts, for certain retirees and their dependants. The benefits vary depending on a retiree's years of service and the union contract under which they retired. Currently, 410 retirees are eligible. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for post-employment health care benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$5,472,000.

Plan Description: The City contributes to the City of Royal Oak Retiree Health Fund (RHF), which is a single-employer defined benefit healthcare plan administered by the City of Royal Oak Retirement System. The plan covers all full-time employees of the City. At June 30, 2008 (the date of the most recent actuarial report), membership consisted of:

Active service members:	
General employees	187
Public safety employees	149
Deferred members	7
Retired members and beneficiaries	<u>392</u>
Total members	<u>735</u>

City of Royal Oak, Michigan
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The RHF provides medical and prescription benefits to eligible retirees and their dependents. The RHF was established under State of Michigan Public Act 149 of 1999.

Significant Accounting Policies: The Plan is included in the City's financial statements as a retiree health trust fund. A stand-alone financial report has not been issued. The Plan's financial statements are prepared using information as of June 30, 2009. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2009, there were no investments in any one organization (other than the U.S. government and U.S. government-guaranteed obligations) in excess of five percent of net assets available for benefits.

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

Contributions: Public Act 149 authorizes the City Commission to establish and amend contribution requirements of the plan members. Active service members and retired members or their beneficiaries are not required to contribute to the plan. For the year ended June 30, 2009, the City contributed \$7,681,250. The City contributed at a rate equivalent to the annual required contribution (ARC) which was determined as part of a June 30, 2008 actuarial study.

The annual contribution was determined as part of an actuarial valuation at June 30, 2008, using the entry actual age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually (including an inflation component of 11 percent initial and 3.5 percent ultimate), (b) projected salary increases of 3.5 percent to 7.3 percent per year compounded annually, attributable to inflation. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The excess of assets over the actuarial liability is being amortized as a level percentage of payroll on an open basis. The UAAL has a remaining amortization period at June 30, 2008 of 30 years.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2008 (the most recent actuarial valuation date) is as follows:

Schedule of Funding Progress (in Thousands)						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability ("AAL") Entry Age	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2008	\$ 207	\$ 114,518	\$ 114,311	0.2%	\$ 20,460	558.7%

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

Financial Statement Information: As of June 30, 2009, the statement of net assets for the Other Postemployment Benefits Trust is as follows:

ASSETS

Cash and cash equivalents	\$ 2,233,364
Retirement investments, at fair value	
Other investments	172,914
Total assets	<u>2,406,278</u>

LIABILITIES

Accrued and other liabilities	<u>24,015</u>
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NET ASSETS

Held in trust for pension and other employee benefits	<u>\$ 2,382,263</u>
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As of June 30, 2009, the statement of changes of net assets for the Other Postemployment Benefits Trust is as follows:

ADDITIONS

Contributions:	
Employer	\$ 7,681,250
Investment earnings:	
Net decrease in fair value of investments	<u>(33,453)</u>
Total investment loss	(33,453)
Less investment expenses	<u>633</u>
Net of investment loss	<u>(34,086)</u>
Total additions	<u>7,647,164</u>

DEDUCTIONS

Benefits	5,457,043
Administrative expenses	15,000
Total deductions	<u>5,472,043</u>
Change in net assets	2,175,121
Net assets - beginning	<u>207,142</u>
Net assets - ending	<u>\$ 2,382,263</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

E. Defined Benefit Pension Plan

Plan Description: The City contributes to the City of Royal Oak Retirement System, which is the administrator of a single-employer defined benefit pension plan that covers all full-time employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The City's payroll for employees covered for the year ended June 30, 2009 was approximately \$19,569,000. The City's total payroll was approximately \$24,822,000.

At June 30, 2008 (the date of the most recent actuarial report), membership consisted of:

RETIREMENT

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>513</u>
Current full-time employees:	
Fully vested	260
Nonvested	<u>76</u>
Total current employees	<u>336</u>

Regular service retirement benefits are available to employee groups as follows:

AFSCME employees, executive department heads, department heads and deputies, technical and professional, supervisors and police service aides- age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 5 years of service.

SEIU 517 - 30 years of service regardless of age, age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 5 years of service.

Fire employees, police command, police officers and detectives - 25 years of service regardless of age or age 55 with 10 years of service.

Benefit payments are calculated as follows:

General employees - The sum of 2.5 percent of FAC multiplied by the first 20 years of service plus 2.2 percent for each year thereafter. The maximum benefit may not exceed 75 percent of FAC. For police service aides: The maximum benefit may not exceed 80 percent of FAC.

Police and fire employees – The sum of 2.8 percent of FAC for all years of service. The maximum benefit may not exceed 75 percent of FAC.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

FAC is the highest two consecutive years out of the last ten for all employees. Deferred retirement benefits vest after five years of service for general employees and ten years of service for police and fire employees. Deferred benefits are not paid until the years of service and age requirements are met.

The obligation to contribute to and maintain the system and benefit provisions for these employees was established, and may be amended, by City ordinance and through negotiation with the police, fire and general employees' competitive bargaining units.

Significant Accounting Policies: The system is included in the City's financial statements as a pension trust fund. A stand-alone financial report has not been issued. The assets of the pension trust fund included no securities of or loans to the City or any other related party. At June 30, 2009, there were no investments in any one organization (other than the U.S. government and U.S. government-guaranteed obligations) in excess of five percent of net assets available for benefits.

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

Contributions Required and Contributions Made: The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the entry age-normal cost valuation method. The system also uses the level percentage of payroll method to amortize over a closed 4-year period the plan's full funding credit. For purposes of determining the City's contributions, the system's assets were valued using the smoothed funding method.

For the year ended June 30, 2009, the City's annual pension cost of \$4,074,977 was equal to the City's required and actual contributions. An employee contribution of 1.5 percent to 4 percent of gross wages was required. The City was required to contribute 18.25% for general employees and 24.30% for police and fire employees of annual covered payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 3.5% to 7.3% (c) 3.5% inflation rate.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

Three Year Trend Information (in Thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 4,055	100%	-
6/30/2008	4,161	100%	-
6/30/2009	4,075	100%	-

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2008 (the most recent actuarial valuation date) is as follows:

Schedule of Funding Progress (in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability ("AAL") Entry Age</u>	<u>Unfunded AAL ("UAAL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2008	\$ 145,561	\$ 166,957	\$ 21,396	87.2%	\$ 20,460	104.6%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

Financial Statement Information: As of June 30, 2009, the statement of net assets for the Retirement Trust is as follows:

ASSETS

Cash and cash equivalents	\$ 524,115
Receivables, net of uncollectibles	390,783
Retirement investments, at fair value	
U.S. government obligations	29,152,764
Corporate bonds	18,415,237
Stocks	56,341,116
Other investments	<u>2,566,047</u>
Total investments	<u>106,475,164</u>
Total assets	<u>107,390,062</u>

LIABILITIES

Accounts payable	62,502
Accrued and other liabilities	<u>2,025</u>
Total liabilities	<u>64,527</u>

NET ASSETS

Held in trust for pension and other employee benefits	<u><u>\$ 107,325,535</u></u>
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City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

As of June 30, 2009, the statement of changes of net assets for the Retirement Trust is as follows:

ADDITIONS

Contributions:

Employer	\$ 4,074,977
Plan members	422,833
Plan members' buybacks	196,304
Total contributions	<u>4,694,114</u>

Investment earnings:

Net decrease in fair value of investments	(26,087,062)
Interest	2,378,953
Dividends	1,659,145
Other investment revenues	504,580
Total investment loss	<u>(21,544,384)</u>
Less investment expenses	673,293
Net of investment loss	<u>(22,217,677)</u>
Total additions	<u>(17,523,563)</u>

DEDUCTIONS

Benefits	10,836,716
Refund of contributions	456,773
Administrative expenses	46,167
Total deductions	<u>11,339,656</u>
Change in net assets	(28,863,219)
Net assets - beginning	136,188,754
Net assets - ending	<u><u>\$ 107,325,535</u></u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2009

F. Defined Contribution Pension Plan

A Defined Contribution Plan has been established for all new hires of the following bargaining units as of the respective dates:

<u>Bargaining Unit</u>	<u>Date</u>	<u>City Contribution</u>	<u>Employee Contribution</u>
Executive department heads	May 1, 2008	7%	5%
Department heads and deputies	July 1, 2008	7%	5%
Technical and professional	July 1, 2007	7%	5%
Foremen and Supervisors	July 1, 2006	7%	5%
SEIU	July 1, 2006	7%	5%
AFSCME	July 1, 2006	7%	5%

Uniformed groups (police and fire) do not have a defined contribution plan for their new hires. Instead, they increased their contribution rate to the defined benefit plan for all their employees, existing and new hires.

Plan description and funding requirements. The Defined Contribution Plan is established by the City and administered by ICMA-RC (International City/County Management Association - Retirement Corporation), for new hire members of the City's six bargaining groups listed above. On June 30, 2009, there were five (5) plan members. Plan members contribute a percentage of their annual covered payroll and the City provides a percentage match as noted in the table above. Plan provisions and contribution requirements are established by contract. Total contributions for the year ended June 30, 2009, were \$7,885 by the employees and \$11,039 by the City.

REQUIRED SUPPLEMENTARY INFORMATION

City of Royal Oak, Michigan
City of Royal Oak Retirement System
Supplementary Information
(dollar amounts in thousands)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Entry Age	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/1999	\$ 147,433	\$ 107,934	\$ (39,499)	136.6%	\$ 17,501	-
6/30/2000	159,268	113,215	(46,053)	140.7%	18,130	-
6/30/2001	162,586	121,589	(40,997)	133.7%	18,962	-
6/30/2002	156,403	128,303	(28,100)	121.9%	19,368	-
6/30/2003	146,739	136,529	(10,210)	107.5%	20,138	-
6/30/2004	131,980	146,386	14,406	90.2%	20,569	70.0%
6/30/2005	134,773	152,016	17,243	88.7%	20,839	82.7%
6/30/2006	137,264	158,239	20,975	86.7%	20,432	102.7%
6/30/2007	143,619	162,781	19,162	88.2%	20,328	94.3%
6/30/2008	145,561	166,957	21,396	87.2%	20,460	104.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Pension Cost	Actual Contribution	Percentage Contributed
2000	\$ -	\$ -	100%
2001	-	-	100%
2002	-	-	100%
2003	-	-	100%
2004	-	-	100%
2005	1,340	1,340	100%
2006	3,769	3,769	100%
2007	4,055	4,055	100%
2008	4,161	4,161	100%
2009	4,075	4,075	100%

Notes to Schedule of Funding Progress:

1. All trend information has been calculated using entry age normal actuarial method.
2. For information regarding contribution percentage rates, assumptions, amortization method, etc., see Note 4(E) on pages 52, 53 and 54.

City of Royal Oak, Michigan
City of Royal Oak Retiree Health Fund
Supplementary Information
(dollar amounts in thousands)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Entry Age	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2006	\$ -	\$ 110,411	\$ 110,411	0.0%	\$ 20,432	540.4%
6/30/2008	207	114,518	114,311	0.2%	20,460	558.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Plan Cost	Actual Contribution	Percentage Contributed
2008	\$ 5,591	\$ 5,591	100%
2009	7,681	7,681	100%

Notes to Schedule of Funding Progress:

1. All trend information has been calculated using an individual entry-age normal actuarial cost method.
2. For information regarding contribution percentage rates, assumptions, amortization method, etc., see Note 4(D) on pages 49 and 50.

OTHER SUPPLEMENTAL INFORMATION

City of Royal Oak, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue								Total Nonmajor Special Revenue Funds	
	Major Streets	Local Streets	Publicity	Community Development Block Grant	Senior Citizens Program	Library Millage	State Construction Code	Acorn Fund		Grants
ASSETS										
Cash and investments	\$ 3,903,070	\$ 3,111,295	\$ 2,207	\$ -	\$ 912,083	\$ 806,207	\$ -	\$ 217,660	\$ 660,996	\$ 9,613,518
Receivables, net of allowance for uncollectibles	16,681	3,876	-	3,594,582	2,552	18,752	-	-	7,012	3,643,455
Deposits and other assets	-	-	-	75,153	-	-	-	-	-	75,153
Due from other governmental units	440,667	143,459	-	478,127	-	-	-	-	-	1,062,253
Total assets	<u>\$ 4,360,418</u>	<u>\$ 3,258,630</u>	<u>\$ 2,207</u>	<u>\$ 4,147,862</u>	<u>\$ 914,635</u>	<u>\$ 824,959</u>	<u>\$ -</u>	<u>\$ 217,660</u>	<u>\$ 668,008</u>	<u>\$ 14,394,379</u>
LIABILITIES										
Accounts payable	\$ 8,392	\$ 937	\$ -	\$ 87,284	\$ 5,931	\$ 75,838	\$ 2,832	\$ 1,960	\$ 10,616	\$ 193,790
Accrued and other liabilities	26,508	26,449	-	16,524	5,125	51,500	40,711	-	6,974	173,791
Due to other funds	-	-	-	449,472	-	-	121,027	-	-	570,499
Cash bonds and deposits	-	-	-	-	-	-	-	-	10,566	10,566
Deferred revenue	-	-	-	3,594,582	36,281	15,919	-	-	40,252	3,687,034
Total liabilities	<u>34,900</u>	<u>27,386</u>	<u>-</u>	<u>4,147,862</u>	<u>47,337</u>	<u>143,257</u>	<u>164,570</u>	<u>1,960</u>	<u>68,408</u>	<u>4,635,680</u>
FUND BALANCES (DEFICIT)										
Reserved for endowment	-	-	-	-	-	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	122,917	421,714	-	-	149,156	15,000	-	-	8,450	717,237
Unreserved, undesignated	<u>4,202,601</u>	<u>2,809,530</u>	<u>2,207</u>	<u>-</u>	<u>718,142</u>	<u>666,702</u>	<u>(164,570)</u>	<u>\$ 215,700</u>	<u>591,150</u>	<u>9,041,462</u>
Total fund balances (deficit)	<u>4,325,518</u>	<u>3,231,244</u>	<u>2,207</u>	<u>-</u>	<u>867,298</u>	<u>681,702</u>	<u>(164,570)</u>	<u>215,700</u>	<u>599,600</u>	<u>9,758,699</u>
Total liabilities and fund balances	<u>\$ 4,360,418</u>	<u>\$ 3,258,630</u>	<u>\$ 2,207</u>	<u>\$ 4,147,862</u>	<u>\$ 914,635</u>	<u>\$ 824,959</u>	<u>\$ -</u>	<u>\$ 217,660</u>	<u>\$ 668,008</u>	<u>\$ 14,394,379</u>

**City of Royal Oak, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects		Total Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
			Capital Projects	Special Assessments			
ASSETS							
Cash and investments	\$ 9,613,518	\$ 34,911	\$ 531,559	\$ -	\$ 531,559	\$ 11,516	\$ 10,191,504
Receivables, net of allowance for uncollectibles	3,643,455	6,250	-	554,488	554,488	23	4,204,216
Deposits and other assets	75,153	-	-	-	-	-	75,153
Due from other governmental units	1,062,253	-	-	-	-	-	1,062,253
Restricted assets, cash	-	-	-	-	-	1,000	1,000
Total assets	<u>\$ 14,394,379</u>	<u>\$ 41,161</u>	<u>\$ 531,559</u>	<u>\$ 554,488</u>	<u>\$ 1,086,047</u>	<u>\$ 12,539</u>	<u>\$ 15,534,126</u>
LIABILITIES							
Accounts payable	\$ 193,790	\$ -	\$ 160,500	\$ -	\$ 160,500	\$ 1,261	\$ 355,551
Accrued and other liabilities	173,791	-	207,094	-	207,094	-	380,885
Due to other funds	570,499	-	-	-	-	-	570,499
Cash bonds and deposits	10,566	-	-	-	-	-	10,566
Deferred revenue	3,687,034	6,250	-	554,488	554,488	-	4,247,772
Total liabilities	<u>4,635,680</u>	<u>6,250</u>	<u>367,594</u>	<u>554,488</u>	<u>922,082</u>	<u>1,261</u>	<u>5,565,273</u>
FUND BALANCES (DEFICIT)							
Reserved for endowment	-	-	-	-	-	1,000	1,000
Unreserved, designated for subsequent year's expenditures	717,237	-	-	-	-	-	717,237
Unreserved, undesignated	9,041,462	34,911	163,965	-	163,965	10,278	9,250,616
Total fund balances (deficit)	<u>9,758,699</u>	<u>34,911</u>	<u>163,965</u>	<u>-</u>	<u>163,965</u>	<u>11,278</u>	<u>9,968,853</u>
Total liabilities and fund balances	<u>\$ 14,394,379</u>	<u>\$ 41,161</u>	<u>\$ 531,559</u>	<u>\$ 554,488</u>	<u>\$ 1,086,047</u>	<u>\$ 12,539</u>	<u>\$ 15,534,126</u>

City of Royal Oak, Michigan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue									Total Nonmajor Special Revenue Funds
	Major Streets	Local Streets	Publicity	Community Development Block Grant	Senior Citizens Program	Library Millage	State Construction Code	Acorn Fund	Grants	
REVENUES										
Taxes	\$ -	\$ -	\$ 49,307	\$ -	\$ -	\$ 2,229,742	\$ -	\$ -	\$ -	\$ 2,279,049
Licenses and permits	178,716	-	-	-	-	-	926,556	-	36,546	1,141,818
Federal grants	-	-	-	1,706,271	-	-	-	-	59,496	1,765,767
State grants	2,729,331	888,365	-	-	141,132	125,449	-	-	29,197	3,913,474
Charges for services	-	-	-	249,152	170,683	64,577	-	-	15,355	499,767
Fines and forfeitures	-	-	-	-	-	4,120	-	-	376,511	380,631
Interest	94,789	79,930	-	-	14,600	19,330	-	5,387	1,274	215,310
Contributions and donations	15,597	-	-	-	3,709	8,696	-	61,892	36,977	126,871
Other revenue	128,268	12,686	2	7,470	-	4,419	24,778	-	-	177,623
Total revenues	<u>3,146,701</u>	<u>980,981</u>	<u>49,309</u>	<u>1,962,893</u>	<u>330,124</u>	<u>2,456,333</u>	<u>951,334</u>	<u>67,279</u>	<u>555,356</u>	<u>10,500,310</u>
EXPENDITURES										
Current:										
General government	-	-	48,869	-	-	-	-	-	-	48,869
Public safety	-	-	-	-	-	-	1,727,224	1,224	485,313	2,213,761
Public works	1,865,219	1,695,828	-	-	-	-	-	-	-	3,561,047
Community and economic development	-	-	-	1,256,297	-	-	-	-	-	1,256,297
Recreation and culture	-	-	-	-	443,234	2,218,262	-	61,111	-	2,722,607
Debt service:										
Principal payments	-	-	-	-	-	160,000	-	-	-	160,000
Interest and paying agent fees	-	-	-	-	-	124,838	-	-	-	124,838
Total expenditures	<u>1,865,219</u>	<u>1,695,828</u>	<u>48,869</u>	<u>1,256,297</u>	<u>443,234</u>	<u>2,503,100</u>	<u>1,727,224</u>	<u>62,335</u>	<u>485,313</u>	<u>10,087,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,281,482</u>	<u>(714,847)</u>	<u>440</u>	<u>706,596</u>	<u>(113,110)</u>	<u>(46,767)</u>	<u>(775,890)</u>	<u>4,944</u>	<u>70,043</u>	<u>412,891</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	6,814	673,275	-	43,416	-	-	-	-	15,922	739,427
Transfers out	(1,117,825)	(1,081,063)	-	(750,012)	(43,416)	-	-	(15,922)	-	(3,008,238)
Total other financing sources (uses)	<u>(1,111,011)</u>	<u>(407,788)</u>	<u>-</u>	<u>(706,596)</u>	<u>(43,416)</u>	<u>-</u>	<u>-</u>	<u>(15,922)</u>	<u>15,922</u>	<u>(2,268,811)</u>
Net change in fund balances	170,471	(1,122,635)	440	-	(156,526)	(46,767)	(775,890)	(10,978)	85,965	(1,855,920)
Fund balances - beginning	4,155,047	4,353,879	1,767	-	1,023,824	728,469	611,320	226,678	513,635	11,614,619
Fund balances (deficit) - ending	<u>\$ 4,325,518</u>	<u>\$ 3,231,244</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 867,298</u>	<u>\$ 681,702</u>	<u>\$ (164,570)</u>	<u>\$ 215,700</u>	<u>\$ 599,600</u>	<u>\$ 9,758,699</u>

City of Royal Oak, Michigan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects		Total Nonmajor Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
			Capital Projects	Special Assessments			
REVENUES							
Taxes	\$ 2,279,049	\$ 676,685	\$ -	\$ -	\$ -	\$ -	\$ 2,955,734
Licenses and permits	1,141,818	-	-	-	-	-	1,141,818
Federal grants	1,765,767	-	22,163	-	22,163	-	1,787,930
State grants	3,913,474	-	-	-	-	-	3,913,474
Charges for services	499,767	-	3,837	-	3,837	-	503,604
Fines and forfeitures	380,631	-	-	-	-	-	380,631
Interest	215,310	8,401	-	1,653	1,653	668	226,032
Contributions and donations	126,871	520,733	835,270	-	835,270	-	1,482,874
Other revenue	177,623	-	283,671	141,760	425,431	-	603,054
Total revenues	<u>10,500,310</u>	<u>1,205,819</u>	<u>1,144,941</u>	<u>143,413</u>	<u>1,288,354</u>	<u>668</u>	<u>12,995,151</u>
EXPENDITURES							
Current:							
General government	48,869	-	-	-	-	-	48,869
Public safety	2,213,761	-	-	-	-	-	2,213,761
Public works	3,561,047	-	3,586,716	-	3,586,716	-	7,147,763
Community and economic development	1,256,297	-	-	-	-	-	1,256,297
Recreation and culture	2,722,607	-	-	-	-	11,548	2,734,155
Debt service:							
Principal payments	160,000	705,000	-	-	-	-	865,000
Interest and paying agent fees	124,838	585,273	-	-	-	-	710,111
Total expenditures	<u>10,087,419</u>	<u>1,290,273</u>	<u>3,586,716</u>	<u>-</u>	<u>3,586,716</u>	<u>11,548</u>	<u>14,975,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>412,891</u>	<u>(84,454)</u>	<u>(2,441,775)</u>	<u>143,413</u>	<u>(2,298,362)</u>	<u>(10,880)</u>	<u>(1,980,805)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	739,427	86,699	3,226,234	-	3,226,234	-	4,052,360
Transfers out	(3,008,238)	(1,352,335)	(899,021)	(143,413)	(1,042,434)	-	(5,403,007)
Total other financing sources (uses)	<u>(2,268,811)</u>	<u>(1,265,636)</u>	<u>2,327,213</u>	<u>(143,413)</u>	<u>2,183,800</u>	<u>-</u>	<u>(1,350,647)</u>
Net change in fund balances	(1,855,920)	(1,350,090)	(114,562)	-	(114,562)	(10,880)	(3,331,452)
Fund balances - beginning	11,614,619	1,385,001	278,527	-	278,527	22,158	13,300,305
Fund balances (deficit) - ending	<u>\$ 9,758,699</u>	<u>\$ 34,911</u>	<u>\$ 163,965</u>	<u>\$ -</u>	<u>\$ 163,965</u>	<u>\$ 11,278</u>	<u>\$ 9,968,853</u>

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Major Streets Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 176,211	\$ 176,211	\$ 178,716	\$ 2,505
State grants	2,900,000	2,900,000	2,729,331	(170,669)
Interest and rentals	100,000	100,000	94,789	(5,211)
Contributions and donations	10,000	10,000	15,597	5,597
Other revenue	10,000	10,000	128,268	118,268
Total revenues	<u>3,196,211</u>	<u>3,196,211</u>	<u>3,146,701</u>	<u>(49,510)</u>
EXPENDITURES				
Public works	<u>1,504,635</u>	<u>1,504,635</u>	<u>1,865,219</u>	<u>360,584</u>
Total expenditures	<u>1,504,635</u>	<u>1,504,635</u>	<u>1,865,219</u>	<u>360,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,691,576</u>	<u>1,691,576</u>	<u>1,281,482</u>	<u>(410,094)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	6,814	6,814
Transfers out	<u>(2,695,715)</u>	<u>(2,695,715)</u>	<u>(1,117,825)</u>	<u>(1,577,890)</u>
Total other financing sources (uses)	<u>(2,695,715)</u>	<u>(2,695,715)</u>	<u>(1,111,011)</u>	<u>1,584,704</u>
Net change in fund balance	<u>\$ (1,004,139)</u>	<u>\$ (1,004,139)</u>	<u>170,471</u>	<u>\$ 1,174,610</u>
Fund balance - beginning			<u>4,155,047</u>	
Fund balance - ending			<u>\$ 4,325,518</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Local Streets Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
State grants	\$ 960,000	\$ 960,000	\$ 888,365	\$ (71,635)
Interest and rentals	100,000	100,000	79,930	(20,070)
Other revenue	1,500	1,500	12,686	11,186
Total revenues	<u>1,061,500</u>	<u>1,061,500</u>	<u>980,981</u>	<u>(80,519)</u>
EXPENDITURES				
Public works	<u>1,487,820</u>	<u>1,487,820</u>	<u>1,695,828</u>	<u>208,008</u>
Total expenditures	<u>1,487,820</u>	<u>1,487,820</u>	<u>1,695,828</u>	<u>208,008</u>
Deficiency of revenues under expenditures	<u>(426,320)</u>	<u>(426,320)</u>	<u>(714,847)</u>	<u>(288,527)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	650,000	650,000	673,275	23,275
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(1,081,063)</u>	<u>(181,063)</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(407,788)</u>	<u>204,338</u>
Net change in fund balance	<u>\$ (676,320)</u>	<u>\$ (676,320)</u>	<u>(1,122,635)</u>	<u>\$ (84,189)</u>
Fund balance - beginning			<u>4,353,879</u>	
Fund balance - ending			<u>\$ 3,231,244</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Publicity Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 50,000	\$ 50,000	\$ 49,307	\$ (693)
Other revenue	-	-	2	2
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>49,309</u>	<u>(691)</u>
EXPENDITURES				
General government	<u>61,215</u>	<u>61,215</u>	<u>48,869</u>	<u>(12,346)</u>
Total expenditures	<u>61,215</u>	<u>61,215</u>	<u>48,869</u>	<u>(12,346)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,215)</u>	<u>(11,215)</u>	<u>440</u>	<u>11,655</u>
OTHER FINANCING SOURCES				
Transfers in	<u>11,215</u>	<u>11,215</u>	<u>-</u>	<u>(11,215)</u>
Total other financing sources	<u>11,215</u>	<u>11,215</u>	<u>-</u>	<u>(11,215)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>440</u>	<u>\$ 440</u>
Fund balance - beginning			<u>1,767</u>	
Fund balance - ending			<u>\$ 2,207</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Federal grants	\$ 1,344,100	\$ 1,344,100	\$ 1,706,271	\$ 362,171
Charges for services	400,000	400,000	249,152	(150,848)
Other revenue	-	-	7,470	7,470
Total revenues	<u>1,744,100</u>	<u>1,744,100</u>	<u>1,962,893</u>	<u>218,793</u>
EXPENDITURES				
Community and economic development	<u>1,484,591</u>	<u>1,517,430</u>	<u>1,256,297</u>	<u>(261,133)</u>
Total expenditures	<u>1,484,591</u>	<u>1,517,430</u>	<u>1,256,297</u>	<u>(261,133)</u>
Excess of revenues over expenditures	<u>259,509</u>	<u>226,670</u>	<u>706,596</u>	<u>479,926</u>
OTHER FINANCING USES				
Transfers in	-	-	43,416	43,416
Transfers out	<u>(858,865)</u>	<u>(858,865)</u>	<u>(750,012)</u>	<u>108,853</u>
Total other financing uses	<u>(858,865)</u>	<u>(858,865)</u>	<u>(706,596)</u>	<u>152,269</u>
Net change in fund balance	<u>\$ (599,356)</u>	<u>\$ (632,195)</u>	<u>-</u>	<u>\$ 632,195</u>
Fund balance - beginning			<u>-</u>	
Fund balance (deficit) - ending			<u>\$ -</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Senior Citizens Program Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
State grants	\$ -	\$ 141,677	\$ 141,132	\$ (545)
Charges for services	150,000	191,000	170,683	(20,317)
Interest and rentals	25,000	25,000	14,600	(10,400)
Contributions and donations	2,000	47,434	3,709	(43,725)
Total revenues	<u>177,000</u>	<u>405,111</u>	<u>330,124</u>	<u>(74,987)</u>
EXPENDITURES				
Recreation and culture	<u>558,718</u>	<u>558,718</u>	<u>443,234</u>	<u>(115,484)</u>
Total expenditures	<u>558,718</u>	<u>558,718</u>	<u>443,234</u>	<u>(115,484)</u>
Excess (deficiency) of revenues over (under) expenditures	(381,718)	(153,607)	(113,110)	40,497
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(43,416)	(43,416)
Net change in fund balance	<u>\$ (381,718)</u>	<u>\$ (153,607)</u>	(156,526)	<u>\$ (2,919)</u>
Fund balance - beginning			<u>1,023,824</u>	
Fund balance - ending			<u>\$ 867,298</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Library Millage Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,250,285	\$ 2,250,285	\$ 2,229,742	\$ (20,543)
State grants	113,505	113,505	125,449	11,944
Charges for services	49,000	49,000	64,577	15,577
Fines and forfeitures	2,500	2,500	4,120	1,620
Interest and rentals	46,500	46,500	19,330	(27,170)
Contributions and donations	-	-	8,696	8,696
Other revenue	5,000	5,000	4,419	(581)
Total revenues	<u>2,466,790</u>	<u>2,466,790</u>	<u>2,456,333</u>	<u>(10,457)</u>
EXPENDITURES				
Recreation and culture	2,219,027	2,244,027	2,218,262	(25,765)
Debt service:				
Principal payments	160,000	160,000	160,000	-
Interest and paying agents fees	124,837	124,837	124,838	1
Total expenditures	<u>2,503,864</u>	<u>2,528,864</u>	<u>2,503,100</u>	<u>(25,764)</u>
Net change in fund balance	<u>\$ (37,074)</u>	<u>\$ (62,074)</u>	<u>(46,767)</u>	<u>\$ 15,307</u>
Fund balance - beginning			<u>728,469</u>	
Fund balance - ending			<u>\$ 681,702</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
State Construction Code Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,460,800	\$ 1,460,800	\$ 926,556	\$ (534,244)
Charges for services	900	900	-	(900)
Other revenue	-	-	24,778	24,778
Total revenues	<u>1,461,700</u>	<u>1,461,700</u>	<u>951,334</u>	<u>(510,366)</u>
EXPENDITURES				
Public safety	<u>1,790,157</u>	<u>1,790,157</u>	<u>1,727,224</u>	<u>(62,933)</u>
Total expenditures	<u>1,790,157</u>	<u>1,790,157</u>	<u>1,727,224</u>	<u>(62,933)</u>
Net change in fund balance	<u>\$ (328,457)</u>	<u>\$ (328,457)</u>	<u>(775,890)</u>	<u>\$ (447,433)</u>
Fund balance - beginning			<u>611,320</u>	
Fund balance (deficit) - ending			<u>\$ (164,570)</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Acorn Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Interest	\$ 8,400	\$ 8,400	\$ 5,387	\$ (3,013)
Contributions and donations	27,895	27,895	61,892	33,997
Total revenues	36,295	36,295	67,279	30,984
EXPENDITURES				
Public safety	18,262	18,262	1,224	(17,038)
Recreation and culture	53,014	60,294	61,111	817
Total expenditures	71,276	78,556	62,335	(16,221)
Excess (deficiency) of revenues over (under) expenditures	(34,981)	(42,261)	4,944	47,205
OTHER FINANCING USES				
Transfers out	(15,000)	(15,000)	(15,922)	922
Total other financing uses	(15,000)	(15,000)	(15,922)	(922)
Net change in fund balance	\$ (49,981)	\$ (57,261)	(10,978)	\$ 46,283
Fund balance - beginning			226,678	
Fund balance - ending			\$ 215,700	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Grants Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 36,546	\$ 36,546
Federal grants	295,100	295,100	59,496	(235,604)
State grants	43,545	43,545	29,197	(14,348)
Charges for services	19,300	19,300	15,355	(3,945)
Fines and forfeitures	99,000	99,000	376,511	277,511
Interest	2,640	2,640	1,274	(1,366)
Contributions and donations	23,000	23,000	36,977	13,977
Total revenues	<u>482,585</u>	<u>482,585</u>	<u>555,356</u>	<u>72,771</u>
EXPENDITURES				
Public safety	<u>695,516</u>	<u>701,156</u>	<u>485,313</u>	<u>(215,843)</u>
Total expenditures	<u>695,516</u>	<u>701,156</u>	<u>485,313</u>	<u>(215,843)</u>
Excess (deficiency) of revenues over (under) expenditures	(212,931)	(218,571)	70,043	288,614
OTHER FINANCING SOURCES				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,922</u>	<u>922</u>
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>15,922</u>	<u>922</u>
Net change in fund balance	<u>\$ (197,931)</u>	<u>\$ (203,571)</u>	<u>85,965</u>	<u>\$ 289,536</u>
Fund balance - beginning			<u>513,635</u>	
Fund balance - ending			<u>\$ 599,600</u>	

City of Royal Oak, Michigan
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009

	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 496,899	\$ 254,631	\$ 751,530
Receivables, net of allowance for uncollectibles	68,159	3,010	540	71,709
Deposits and other assets	3,975	-	-	3,975
Total current assets	<u>72,134</u>	<u>499,909</u>	<u>255,171</u>	<u>827,214</u>
Noncurrent assets:				
Capital assets	4,474,564	4,952,443	2,367,091	11,794,098
Less accumulated depreciation	(616,297)	(2,325,263)	(606,054)	(3,547,614)
Total capital assets (net of accumulated depreciation)	<u>3,858,267</u>	<u>2,627,180</u>	<u>1,761,037</u>	<u>8,246,484</u>
Total assets	<u>3,930,401</u>	<u>3,127,089</u>	<u>2,016,208</u>	<u>9,073,698</u>
LIABILITIES				
Current liabilities:				
Accounts payable	12,721	225,425	10,872	249,018
Accrued and other liabilities	10,539	17,993	943	29,475
Due to other funds	182,275	-	-	182,275
Long term debt, due within one year	5,940	320,940	-	326,880
Total current liabilities	<u>211,475</u>	<u>564,358</u>	<u>11,815</u>	<u>787,648</u>
Noncurrent liabilities:				
Accrued compensated absences	13,784	13,890	-	27,674
Other long-term liabilities	3,600	1,800	-	5,400
Bonds payable	-	329,167	-	329,167
Total noncurrent liabilities	<u>17,384</u>	<u>344,857</u>	<u>-</u>	<u>362,241</u>
Total liabilities	<u>228,859</u>	<u>909,215</u>	<u>11,815</u>	<u>1,149,889</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,858,267	1,983,013	1,761,037	7,602,317
Restricted for cultural activities	2,653	-	-	2,653
Unrestricted (deficit)	(159,378)	234,861	243,356	318,839
Total net assets	<u>\$ 3,701,542</u>	<u>\$ 2,217,874</u>	<u>\$ 2,004,393</u>	<u>\$ 7,923,809</u>

City of Royal Oak, Michigan
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	<u>Recreation Administration</u>	<u>Ice Arena</u>	<u>Farmers Market</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 587,809	\$ 1,159,330	\$ 295,731	\$ 2,042,870
Other	-	-	774	774
Total operating revenues	<u>587,809</u>	<u>1,159,330</u>	<u>296,505</u>	<u>2,043,644</u>
OPERATING EXPENSES				
Salaries and benefits	276,946	157,282	9,900	444,128
Supplies	25,532	21,090	10,631	57,253
Other services and charges	371,002	758,805	267,345	1,397,152
Depreciation	89,622	135,583	57,786	282,991
Total operating expenses	<u>763,102</u>	<u>1,072,760</u>	<u>345,662</u>	<u>2,181,524</u>
Operating income (loss)	<u>(175,293)</u>	<u>86,570</u>	<u>(49,157)</u>	<u>(137,880)</u>
NONOPERATING REVENUES (EXPENSES)				
Federal grants	-	-	6,870	6,870
Interest income	-	2,952	11,299	14,251
Interest expense	-	(38,858)	-	(38,858)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(35,906)</u>	<u>18,169</u>	<u>(17,737)</u>
Income (loss) before transfers	<u>(175,293)</u>	<u>50,664</u>	<u>(30,988)</u>	<u>(155,617)</u>
TRANSFERS OUT				
Change in net assets	<u>(175,293)</u>	<u>27,045</u>	<u>(30,988)</u>	<u>(179,236)</u>
Total net assets - beginning	<u>3,876,835</u>	<u>2,190,829</u>	<u>2,035,381</u>	<u>8,103,045</u>
Total net assets - ending	<u>\$ 3,701,542</u>	<u>\$ 2,217,874</u>	<u>\$ 2,004,393</u>	<u>\$ 7,923,809</u>

City of Royal Oak, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009

	<u>Recreation Administration</u>	<u>Ice Arena</u>	<u>Farmers Market</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 576,995	\$ 1,156,716	\$ 296,290	\$ 2,030,001
Payments to vendors	(313,418)	(572,668)	(246,329)	(1,132,415)
Payments to employees	(184,802)	(94,392)	(6,066)	(285,260)
Payments of benefits on behalf of employees	(99,220)	(57,378)	(3,474)	(160,072)
Internal activity - payments to other funds	69,243	(74,074)	(38,775)	(43,606)
Net cash provided by operating activities	<u>48,798</u>	<u>358,204</u>	<u>1,646</u>	<u>408,648</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Donations and grant proceeds	-	-	6,871	6,871
Transfers to other funds	-	(23,619)	-	(23,619)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(23,619)</u>	<u>6,871</u>	<u>(16,748)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(210,277)	-	(210,277)
Principal paid on capital debt	-	(295,000)	-	(295,000)
Interest paid on capital debt	-	(35,358)	-	(35,358)
Net cash used in capital and related financing activities	<u>-</u>	<u>(540,635)</u>	<u>-</u>	<u>(540,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	2,952	11,299	14,251
Net increase in cash and cash equivalents	48,798	(203,098)	19,816	(134,484)
Cash and investments balances - beginning	(48,798)	699,997	234,815	886,014
Cash and investments balances - ending	<u>\$ -</u>	<u>\$ 496,899</u>	<u>\$ 254,631</u>	<u>\$ 751,530</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (175,293)	\$ 86,570	\$ (49,157)	\$ (137,880)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	89,622	135,583	57,786	282,991
Changes in assets and liabilities:				
Receivables, net	(10,814)	(2,620)	(215)	(13,649)
Accounts payable	(27,799)	138,526	(6,862)	103,865
Accrued and other liabilities	(5,366)	(4,014)	94	(9,286)
Due to other funds	182,275	-	-	182,275
Accrued compensated absences	(3,827)	4,159	-	332
Net cash provided by operating activities	<u>\$ 48,798</u>	<u>\$ 358,204</u>	<u>\$ 1,646</u>	<u>\$ 408,648</u>

City of Royal Oak, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Information Systems</u>	<u>Motor Pool</u>	<u>Workers Compensation</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 1,767,523	\$ 5,510,534	\$ 2,078,792	\$ 9,356,849
Receivables, net of uncollectibles	-	10,980	-	10,980
Deposits and other assets	-	42,469	-	42,469
Inventories	-	200,471	-	200,471
Total current assets	<u>1,767,523</u>	<u>5,764,454</u>	<u>2,078,792</u>	<u>9,610,769</u>
Noncurrent assets:				
Capital assets	1,652,979	15,525,170	-	17,178,149
Less accumulated depreciation	<u>(1,475,909)</u>	<u>(9,124,576)</u>	<u>-</u>	<u>(10,600,485)</u>
Total capital assets (net of accumulated depreciation)	<u>177,070</u>	<u>6,400,594</u>	<u>-</u>	<u>6,577,664</u>
Total assets	<u>1,944,593</u>	<u>12,165,048</u>	<u>2,078,792</u>	<u>16,188,433</u>
LIABILITIES				
Current liabilities:				
Accounts payable	5,214	190,860	-	196,074
Accrued and other liabilities	18,687	76,118	823,255	918,060
Long term debt, due within one year	<u>17,808</u>	<u>362,277</u>	<u>-</u>	<u>380,085</u>
Total current liabilities	<u>41,709</u>	<u>629,255</u>	<u>823,255</u>	<u>1,494,219</u>
Noncurrent liabilities:				
Accrued compensated absences	44,653	82,046	-	126,699
Bonds payable	<u>-</u>	<u>3,397,460</u>	<u>-</u>	<u>3,397,460</u>
Total noncurrent liabilities	<u>44,653</u>	<u>3,479,506</u>	<u>-</u>	<u>3,524,159</u>
Total liabilities	<u>86,362</u>	<u>4,108,761</u>	<u>823,255</u>	<u>5,018,378</u>
NET ASSETS				
Invested in capital assets, net of related debt	177,070	2,673,134	-	2,850,204
Unrestricted	<u>1,681,161</u>	<u>5,383,153</u>	<u>1,255,537</u>	<u>8,319,851</u>
Total net assets	<u>\$ 1,858,231</u>	<u>\$ 8,056,287</u>	<u>\$ 1,255,537</u>	<u>\$ 11,170,055</u>

City of Royal Oak, Michigan
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Information Systems</u>	<u>Motor Pool</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 950,001	\$ 3,743,920	\$ 868,618	\$ 5,562,539
Other revenue	-	10,917	1,245	12,162
Total operating revenues	<u>950,001</u>	<u>3,754,837</u>	<u>869,863</u>	<u>5,574,701</u>
OPERATING EXPENSES				
Salaries and benefits	486,677	1,184,491	225,341	1,896,509
Supplies	13,767	943,411	-	957,178
Other services and charges	218,428	490,428	121,398	830,254
Depreciation	<u>156,414</u>	<u>1,012,860</u>	<u>-</u>	<u>1,169,274</u>
Total operating expenses	<u>875,286</u>	<u>3,631,190</u>	<u>346,739</u>	<u>4,853,215</u>
Operating income	<u>74,715</u>	<u>123,647</u>	<u>523,124</u>	<u>721,486</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	240	240
Interest expense	-	(134,484)	-	(134,484)
Loss on sale of capital assets	<u>(3,417)</u>	<u>(461)</u>	<u>-</u>	<u>(3,878)</u>
Total nonoperating revenue (expense)	<u>(3,417)</u>	<u>(134,945)</u>	<u>240</u>	<u>(138,122)</u>
Income (loss) before transfers	71,298	(11,298)	523,364	583,364
TRANSFERS OUT	<u>-</u>	<u>(24,279)</u>	<u>-</u>	<u>(24,279)</u>
Change in net assets	71,298	(35,577)	523,364	559,085
Total net assets - beginning	<u>1,786,933</u>	<u>8,091,864</u>	<u>732,173</u>	<u>10,610,970</u>
Total net assets - ending	<u>\$ 1,858,231</u>	<u>\$ 8,056,287</u>	<u>\$ 1,255,537</u>	<u>\$ 11,170,055</u>

City of Royal Oak, Michigan
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Information Systems	Motor Pool	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ 139,101	\$ -	\$ 139,101
Internal activity - receipts from other funds	950,005	3,604,819	868,620	5,423,444
Other operating receipts	-	24,078	1,245	25,323
Payments to vendors	(195,266)	(1,302,951)	(129,509)	(1,627,726)
Payments to employees	(283,605)	(662,244)	(95,014)	(1,040,863)
Payments of benefits on behalf of employees	(198,980)	(491,395)	(227,566)	(917,941)
Internal activity - payments to other funds	(42,898)	(142,672)	(19,628)	(205,198)
Net cash provided by operating activities	<u>229,256</u>	<u>1,168,736</u>	<u>398,148</u>	<u>1,796,140</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	(24,279)	-	(24,279)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(3,943)	(832,180)	-	(836,123)
Principal paid on capital debt	-	(215,000)	-	(215,000)
Proceeds from issuance of capital debt	-	1,278,900	-	1,278,900
Interest paid on capital debt	-	(135,180)	-	(135,180)
Proceeds from sale of capital assets	-	55,887	-	55,887
Net cash provided by (used in) capital and related financing activities	<u>(3,943)</u>	<u>152,427</u>	<u>-</u>	<u>148,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	-	240	240
Net cash provided by investment activities	<u>-</u>	<u>-</u>	<u>240</u>	<u>240</u>
Net increase in cash and cash equivalents	225,313	1,296,884	398,388	1,920,585
Cash and investments balances - beginning	<u>1,542,210</u>	<u>4,213,650</u>	<u>1,680,404</u>	<u>7,436,264</u>
Cash and investments balances - ending	<u>\$ 1,767,523</u>	<u>\$ 5,510,534</u>	<u>\$ 2,078,792</u>	<u>\$ 9,356,849</u>

**Reconciliation of operating income to net cash provided by operating
activities:**

Operating income	\$ 74,715	\$ 123,647	\$ 523,124	\$ 721,486
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	156,414	1,012,860	-	1,169,274
Changes in assets and liabilities:				
Receivables	-	13,161	-	13,161
Deposits and other assets	-	(7,279)	-	(7,279)
Inventories	-	(15,971)	-	(15,971)
Accounts payable	(4,787)	34,450	(29,962)	(299)
Accrued and other liabilities	(2,328)	13,687	(95,014)	(83,655)
Accrued compensated absences	5,242	(5,819)	-	(577)
Net cash provided by operating activities	<u>\$ 229,256</u>	<u>\$ 1,168,736</u>	<u>\$ 398,148</u>	<u>\$ 1,796,140</u>

City of Royal Oak, Michigan
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2009

	<u>Agency</u>	<u>Tax Collection Fund</u>	<u>44th District Court</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 214,297	\$ 6,607	\$ 182,500	\$ 403,404
Total assets	<u>\$ 214,297</u>	<u>\$ 6,607</u>	<u>\$ 182,500</u>	<u>\$ 403,404</u>
LIABILITIES				
Accounts payable	\$ 101	\$ 6,607	\$ -	\$ 6,708
Due to other governmental units	60	-	83,517	83,577
Cash bonds and deposits	214,136	-	98,983	313,119
Total liabilities	<u>\$ 214,297</u>	<u>\$ 6,607</u>	<u>\$ 182,500</u>	<u>\$ 403,404</u>

City of Royal Oak, Michigan
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
AGENCY FUND				
Assets:				
Cash and investments	\$ 120,328	\$ 200,502	\$ 106,533	\$ 214,297
Liabilities:				
Accounts payable	\$ 1,267	\$ 96,939	\$ 98,105	\$ 101
Due to other governmental units	85	125	150	60
Cash bonds and deposits	118,976	200,377	105,217	214,136
Total liabilities	<u>\$ 120,328</u>	<u>\$ 297,441</u>	<u>\$ 203,472</u>	<u>\$ 214,297</u>
TAX COLLECTION FUND				
Assets:				
Cash and investments	\$ 154,923	\$ 213,430,965	\$ 213,579,281	\$ 6,607
Liabilities:				
Accounts payable	\$ 154,923	\$ 211,627	\$ 359,943	\$ 6,607
Due to other governmental units	-	213,219,338	213,219,338	-
Total liabilities	<u>\$ 154,923</u>	<u>\$ 213,430,965</u>	<u>\$ 213,579,281</u>	<u>\$ 6,607</u>
44TH DISTRICT COURT				
Assets:				
Cash and investments	\$ 608,932	\$ 1,044,712	\$ 1,471,144	\$ 182,500
Liabilities:				
Accounts payable	\$ -	\$ 1,128,230	\$ 1,128,230	\$ -
Due to other governmental units	499,922	1,175,003	1,591,408	83,517
Cash bonds and deposits	109,010	-	10,027	98,983
Total liabilities	<u>\$ 608,932</u>	<u>\$ 2,303,233</u>	<u>\$ 2,729,665</u>	<u>\$ 182,500</u>
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 884,183	\$ 214,676,179	\$ 215,156,958	\$ 403,404
Liabilities:				
Accounts payable	\$ 156,190	\$ 1,436,796	\$ 1,586,278	\$ 6,708
Due to other governmental units	500,007	214,394,466	214,810,896	83,577
Cash bonds and deposits	227,986	200,377	115,244	313,119
Total liabilities	<u>\$ 884,183</u>	<u>\$ 216,031,639</u>	<u>\$ 216,512,418</u>	<u>\$ 403,404</u>

City of Royal Oak, Michigan
Balance Sheets
Component Units
June 30, 2009

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission
ASSETS				
Cash and investments	\$ 639,201	\$ 1,649	\$ 18,209	\$ 117,520
Receivables, net of uncollectibles	76,386	2,400	-	
Deposits and other assets	-	-	-	102,970
Total assets	<u>715,587</u>	<u>4,049</u>	<u>18,209</u>	<u>220,490</u>
LIABILITIES				
Accounts payable	29,976	468	-	3,757
Accrued and other liabilities	4,325	1,535	-	2,803
Deferred revenue	68,382	2,400	-	-
Total liabilities	<u>102,683</u>	<u>4,403</u>	<u>-</u>	<u>6,560</u>
FUND BALANCES (DEFICIT)				
Unreserved (deficit)	<u>612,904</u>	<u>(354)</u>	<u>18,209</u>	<u>213,930</u>
Total fund balances (deficit)	612,904	(354)	18,209	213,930

Amounts reported for component units in the statement of net assets are different because:

- Capital assets used in governmental activities are not financial resources, and are not reported at the fund level	4,520,731	-	-	161
- Taxes receivable are expected to be collected over several years, and are not available to pay current year expenditures	68,382	2,400	-	-
- Long-term liabilities are not due and payable in the current period and are not reported at the fund level	(157,688)	(7,476)	-	(17,351)
- Interest on long-term debt is not accrued at fund level, but rather is recognized as an expenditure when due	(2,250)	-	-	-
Total net assets (deficit) for component units	<u>\$ 5,042,079</u>	<u>\$ (5,430)</u>	<u>\$ 18,209</u>	<u>\$ 196,740</u>

City of Royal Oak, Michigan
Statements of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Year Ended June 30, 2009

	Tax			
	Increment	Downtown	Brownfield	Housing
	Financing	Development	Redevelopment	Commission
	Authority	Authority	Authority	
REVENUES				
Taxes	\$ 2,700,878	\$ 51,246	\$ 16,730	\$ -
Federal grants	-	-	-	1,290,685
Interest and rentals	70,968	-	-	5,027
Contributions and donations	14,868	-	-	-
Other revenues	7,935	-	-	-
Total revenues	<u>2,794,649</u>	<u>51,246</u>	<u>16,730</u>	<u>1,295,712</u>
EXPENDITURES				
Current:				
Salaries and benefits	-	47,942	-	109,640
Supplies	-	4,859	-	703
Other services and charges	-	7,580	-	36,446
Housing assistance payments	-	-	-	1,178,376
Community and economic development	5,360,438	-	5,204	-
Debt service:				
Principal payments	150,000	-	-	-
Interest expense	13,500	-	-	-
Total expenditures	<u>5,523,938</u>	<u>60,381</u>	<u>5,204</u>	<u>1,325,165</u>
Change in fund balance	(2,729,289)	(9,135)	11,526	(29,453)
Fund balances - beginning	3,342,193	8,781	6,683	243,383
Fund balances (deficit) - ending	<u>\$ 612,904</u>	<u>\$ (354)</u>	<u>\$ 18,209</u>	<u>\$ 213,930</u>

City of Royal Oak, Michigan
Reconciliations of the Statements of Revenues, Expenditures,
and Changes in Fund Balances of Component Units
to the Statement of Activities
For the Year Ended June 30, 2009

	<u>Tax Increment Financing Authority</u>	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Housing Commission</u>
Net change in fund balances - component units	\$ (2,729,289)	\$ (9,135)	\$ 11,526	\$ (29,453)
Amounts reported for component units in the statement of activities assets are different because:				
- Capital outlays are reported as expenditures at the fund level. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays (\$63,388) exceeded depreciation (\$77,474) in the current period for the Tax Increment Financing Authority and the amount of depreciation for the Housing Commission.	(12,345)	-	-	(1,741)
- Taxes receivable are expected to be collected over several years, and are not available to pay current year expenditures.	12,073	(1,029)	-	-
- Repayments of bond principal is an expenditure at the fund level, but not in the statement of activities (where it reduces long-term debt).	150,000	-	-	-
- Under the modified accrual basis of accounting, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than when it accrues.				
The adjustment combines the net changes of four balances.				
Accrued interest on bonds	2,250	-	-	-
Amortization of bond discount	(1,160)	-	-	-
Amortization of issuance costs	(5,699)	-	-	-
Compensated absences	(1,351)	(744)	-	(2,954)
Combined adjustment	(5,960)	(744)	-	(2,954)
Change in net assets of component units	<u>\$ (2,585,521)</u>	<u>\$ (10,908)</u>	<u>\$ 11,526</u>	<u>\$ (34,148)</u>

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Tax Increment Financing Authority
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,449,348	\$ 2,449,348	\$ 2,700,878	\$ 251,530
Interest and rentals	100,000	100,000	70,968	(29,032)
Contributions and donations	26,000	26,000	14,868	(11,132)
Other revenue	-	-	7,935	7,935
Total revenues	<u>2,575,348</u>	<u>2,575,348</u>	<u>2,794,649</u>	<u>219,301</u>
EXPENDITURES				
Community and economic development	5,398,081	5,777,031	5,360,438	(416,593)
Debt service:				
Principal payments	150,000	150,000	150,000	-
Interest and paying agents fees	<u>13,500</u>	<u>13,500</u>	<u>13,500</u>	<u>-</u>
Total expenditures	<u>5,561,581</u>	<u>5,940,531</u>	<u>5,523,938</u>	<u>(416,593)</u>
Deficiency of revenues under expenditures	<u>(2,986,233)</u>	<u>(3,365,183)</u>	<u>(2,729,289)</u>	<u>635,894</u>
Net change in fund balance	<u>\$ (2,986,233)</u>	<u>\$ (3,365,183)</u>	<u>(2,729,289)</u>	<u>\$ 635,894</u>
Fund balance - beginning			<u>3,342,193</u>	
Fund balance - ending			<u>\$ 612,904</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Downtown Development Authority
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 50,000	\$ 50,000	\$ 51,246	\$ 1,246
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>51,246</u>	<u>1,246</u>
EXPENDITURES				
Salaries and benefits	48,937	48,937	47,942	(995)
Supplies	4,000	4,839	4,859	20
Other services and charges	<u>12,500</u>	<u>13,134</u>	<u>7,580</u>	<u>(5,554)</u>
Total expenditures	<u>65,437</u>	<u>66,910</u>	<u>60,381</u>	<u>(6,529)</u>
Net change in fund balance	<u>\$ (15,437)</u>	<u>\$ (16,910)</u>	<u>(9,135)</u>	<u>\$ 7,775</u>
Fund balance - beginning			8,781	
Fund balance (deficit) - ending			<u>\$ (354)</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Housing Commission
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Federal grants	\$ 1,315,914	\$ 1,315,914	\$ 1,290,685	\$ (25,229)
Interest and rentals	3,500	3,500	5,027	1,527
Total revenues	<u>1,319,414</u>	<u>1,319,414</u>	<u>1,295,712</u>	<u>(23,702)</u>
EXPENDITURES				
Salaries and benefits	122,651	122,651	109,640	(13,011)
Supplies	2,700	2,700	703	(1,997)
Other services and charges	36,173	36,173	36,446	273
Housing assistance payments	1,187,436	1,187,436	1,178,376	(9,060)
Total expenditures	<u>1,348,960</u>	<u>1,348,960</u>	<u>1,325,165</u>	<u>(23,795)</u>
Net change in fund balance	<u>\$ (29,546)</u>	<u>\$ (29,546)</u>	<u>(29,453)</u>	<u>\$ 93</u>
Fund balance - beginning			243,383	
Fund balance - ending			<u>\$ 213,930</u>	

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Royal Oak's comprehensive annual financial report presents detailed information as 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>Contents</u>	<u>Page</u>
Financial Trends.....	88-95
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	96-101
These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
Debt Capacity	102-108
These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	109-110
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	111-114
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in the fiscal year ended 6/30/03; schedules presenting government-wide information include information beginning in that year.

City of Royal Oak, Michigan
Financial Trends
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 102,083,257	\$ 108,113,604	\$ 109,014,440
Restricted	15,710,666	16,080,945	20,087,516
Unrestricted	<u>(1,295,989)</u>	<u>920,013</u>	<u>3,704,314</u>
Total governmental activities net assets	\$ 116,497,934	\$ 125,114,562	\$ 132,806,270
Business-type activities:			
Invested in capital assets, net of related debt	\$ 39,723,931	\$ 40,189,816	\$ 42,629,281
Restricted	1,399,095	2,496,788	2,574,741
Unrestricted	<u>17,856,461</u>	<u>16,092,490</u>	<u>13,424,771</u>
Total business-type activities net assets	\$ 58,979,487	\$ 58,779,094	\$ 58,628,793
Primary government:			
Invested in capital assets, net of related debt	\$ 141,807,188	\$ 148,303,420	\$ 151,643,721
Restricted	17,109,761	18,577,733	22,662,257
Unrestricted	<u>16,560,472</u>	<u>17,012,503</u>	<u>17,129,085</u>
Total primary government net assets	<u>\$ 175,477,421</u>	<u>\$ 183,893,656</u>	<u>\$ 191,435,063</u>

Note: In fiscal year 2003, the City Adopted GASB 34 and began reporting a government-wide statement of net assets.

Source: City annual financial statements.

Fiscal Year Ended June 30

2006	2007	2008	2009
\$ 116,963,284	\$ 118,453,656	\$ 118,921,341	\$ 119,486,155
19,737,682	22,836,277	24,253,884	14,365,234
<u>2,737,267</u>	<u>2,958,906</u>	<u>4,242,843</u>	<u>14,347,188</u>
\$ 139,438,233	\$ 144,248,839	\$ 147,418,068	\$ 148,198,577
\$ 49,403,430	\$ 58,089,326	\$ 61,366,065	\$ 61,051,630
2,764,237	2,653	2,653	2,653
<u>10,863,254</u>	<u>8,330,833</u>	<u>10,061,309</u>	<u>15,584,666</u>
\$ 63,030,921	\$ 66,422,812	\$ 71,430,027	\$ 76,638,949
\$ 166,366,714	\$ 176,542,982	\$ 180,287,406	\$ 180,537,785
22,501,919	22,838,930	24,256,537	14,367,887
<u>13,600,521</u>	<u>11,289,739</u>	<u>14,304,152</u>	<u>29,931,854</u>
<u>\$ 202,469,154</u>	<u>\$ 210,671,651</u>	<u>\$ 218,848,095</u>	<u>\$ 224,837,526</u>

City of Royal Oak, Michigan

Financial Trends

Changes in Net Assets

Last Seven Fiscal Years

(accrual basis of accounting)

	2003	2004	2005
Expenses			
Governmental activities:			
General government	\$ 11,234,438	\$ 10,723,060	\$ 9,509,493
Public safety	17,619,573	16,542,881	17,608,033
Public works	14,587,704	7,801,142	11,505,812
Health and welfare	499,650	457,109	489,725
Community and economic development	1,798,736	1,579,285	1,356,084
Recreation and culture	3,186,534	2,977,851	3,216,412
Interest and paying agent fees	747,718	728,469	708,760
Total governmental activities expenses	<u>49,674,353</u>	<u>40,809,797</u>	<u>44,394,319</u>
Business-type activities:			
Water & sewer	14,300,232	14,577,922	14,771,560
Parking	1,877,865	2,019,263	1,966,791
Recreation	2,668,982	2,716,899	2,537,582
Farmers market	217,957	194,120	213,301
Total business-type activities expenses	<u>19,065,036</u>	<u>19,508,204</u>	<u>19,489,234</u>
Total primary government expenses	<u>\$ 68,739,389</u>	<u>\$ 60,318,001</u>	<u>\$ 63,883,553</u>
Program Revenues			
Governmental activities:			
General government	\$ 3,071,108	\$ 3,133,449	\$ 3,486,523
Public safety	1,791,440	1,985,138	2,894,001
Public works	1,204,166	1,587,523	1,303,489
Health and welfare	557,306	804,043	830,715
Community and economic development	435,552	568,002	357,520
Recreation and culture	1,104,681	1,182,389	1,293,974
Interest and paying agent fees	653,826	663,647	751,606
Charges for services	8,818,079	9,924,191	10,917,828
Operating grants and contributions	2,484,230	2,899,089	2,605,739
Capital grants and contributions	1,127,952	682,829	173,218
Total governmental activities program revenues	<u>12,430,261</u>	<u>13,506,109</u>	<u>13,696,785</u>
Business-type activities:			
Charges for services			
Water & sewer	14,676,181	15,179,686	16,728,932
Parking	1,839,840	1,948,505	2,028,753
Recreation	2,675,818	2,621,140	2,200,673
Farmers market	327,354	319,241	272,295
Operating grants and contributions	436,160	695,144	817,252
Capital grants and contributions	1,626,280	29,802	20,490
Total business-type activities program revenues	<u>21,581,633</u>	<u>20,793,518</u>	<u>22,068,395</u>
Total primary government program revenues	<u>\$ 34,011,894</u>	<u>\$ 34,299,627</u>	<u>\$ 35,765,180</u>
Net (Expense)/Revenue			
Governmental activities	\$ (37,244,092)	\$ (27,303,688)	\$ (30,697,534)
Business-type activities	2,516,597	1,285,314	2,579,161
Total primary government net expense	<u>\$ (34,727,495)</u>	<u>\$ (26,018,374)</u>	<u>\$ (28,118,373)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Property taxes	\$ 20,598,307	\$ 23,137,213	\$ 24,296,152
State-shared revenues	10,235,529	9,877,965	9,675,450
Unrestricted investment earnings	525,365	343,078	553,041
Gain on sale of capital assets	44,730	13,118	38,195
Reimbursements	-	400,749	482,231
Miscellaneous	1,159,023	499,698	338,787
Transfers	35,554	1,648,495	2,044,358
Total governmental activities	<u>32,598,508</u>	<u>35,920,316</u>	<u>37,428,214</u>
Business-type activities:			
Unrestricted investment earnings	275,411	142,708	237,707
Gain on sale of capital assets	2,500	1,600	-
Miscellaneous	10,579	18,480	38,217
Transfers	(35,554)	(1,648,495)	(2,044,358)
Total business-type activities	<u>252,936</u>	<u>(1,485,707)</u>	<u>(1,768,434)</u>
Total primary government	<u>\$ 32,851,444</u>	<u>\$ 34,434,609</u>	<u>\$ 35,659,780</u>
Change in Net Assets			
Governmental activities	\$ (4,645,584)	\$ 8,616,628	\$ 6,730,680
Business-type activities	2,769,533	(200,393)	810,727
Total primary government	<u>\$ (1,876,051)</u>	<u>\$ 8,416,235</u>	<u>\$ 7,541,407</u>

Note: In fiscal year 2003, the City Adopted GASB 34 and began reporting a government-wide statement of net assets.

Source: City annual financial statements.

Fiscal Year Ended June 30

	2006	2007	2008	2009
\$	11,837,178	\$ 11,820,682	\$ 9,081,988	\$ 9,178,697
	19,853,374	20,540,025	24,228,222	25,340,432
	11,130,782	11,677,027	11,647,910	12,008,559
	488,655	469,999	602,645	720,452
	1,779,318	1,532,163	2,301,776	1,382,073
	3,237,185	3,581,434	4,212,541	4,101,371
	733,419	793,776	784,438	720,676
	<u>49,059,911</u>	<u>50,415,106</u>	<u>52,859,520</u>	<u>53,452,260</u>
	15,649,024	16,358,489	16,457,830	17,426,976
	2,143,135	2,136,181	2,325,819	2,665,056
	1,973,325	1,886,696	1,960,279	1,866,341
	259,037	266,310	327,228	344,946
	<u>20,024,521</u>	<u>20,647,676</u>	<u>21,071,156</u>	<u>22,303,319</u>
\$	<u>\$ 69,084,432</u>	<u>\$ 71,062,782</u>	<u>\$ 73,930,676</u>	<u>\$ 75,755,579</u>
\$	4,265,247	\$ 3,859,945	\$ 4,786,182	\$ 5,032,372
	2,869,512	2,490,350	2,302,388	1,981,677
	1,775,743	665,860	550,375	496,673
	874,274	893,850	865,648	959,100
	412,601	396,838	383,077	249,152
	1,291,357	1,301,829	1,494,866	1,644,549
	854,553	777,899	-	-
	<u>12,343,287</u>	<u>10,386,571</u>	<u>10,382,536</u>	<u>10,363,523</u>
	2,842,985	3,146,627	3,930,593	3,186,231
	1,972,423	1,079,263	1,163,612	873,030
	<u>17,158,695</u>	<u>14,612,461</u>	<u>15,476,741</u>	<u>14,422,784</u>
	19,083,625	19,659,036	20,989,462	20,039,667
	2,075,657	2,215,151	2,516,001	2,570,487
	1,922,617	1,909,576	1,850,882	1,747,139
	276,736	275,334	290,194	295,731
	775,879	602,074	5,090	6,870
	911,845	41,939	719,412	2,753,092
	<u>25,046,359</u>	<u>24,703,110</u>	<u>26,371,041</u>	<u>27,412,986</u>
\$	<u>\$ 42,205,054</u>	<u>\$ 39,315,571</u>	<u>\$ 41,847,782</u>	<u>\$ 41,835,770</u>
\$	(31,901,216)	\$ (35,802,645)	\$ (37,382,779)	\$ (39,029,476)
	5,021,838	4,055,434	5,299,885	5,109,667
\$	<u>(26,879,378)</u>	<u>(31,747,211)</u>	<u>(32,082,894)</u>	<u>(33,919,809)</u>
\$	25,266,467	\$ 26,898,481	\$ 27,578,249	\$ 27,744,049
	9,562,574	9,350,955	9,251,499	8,873,213
	1,471,827	1,938,968	2,068,262	998,889
	32,618	30,958	-	-
	20,431	806,267	676,770	-
	872,555	299,913	287,712	1,562,187
	1,306,707	1,287,709	689,516	631,647
	<u>38,533,179</u>	<u>40,613,251</u>	<u>40,552,008</u>	<u>39,809,985</u>
	366,520	602,023	368,647	147,023
	308,829	-	-	-
	11,648	22,143	28,197	583,880
	<u>(1,306,707)</u>	<u>(1,287,709)</u>	<u>(689,516)</u>	<u>(631,647)</u>
	(619,710)	(663,543)	(292,672)	99,256
\$	<u>\$ 37,913,469</u>	<u>\$ 39,949,708</u>	<u>\$ 40,259,336</u>	<u>\$ 39,909,241</u>
\$	6,631,963	\$ 4,810,606	\$ 3,169,229	\$ 780,509
	4,402,128	3,391,891	5,007,213	5,208,923
\$	<u>11,034,091</u>	<u>\$ 8,202,497</u>	<u>\$ 8,176,442</u>	<u>\$ 5,989,432</u>

City of Royal Oak, Michigan
Financial Trends
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2000	2001	2002	2003
General Fund				
Reserved	\$ 114,909	\$ 111,881	\$ 161,190	\$ 83,202
Unreserved	5,385,256	5,512,962	4,943,081	3,231,839
Total General Fund	<u>\$ 5,500,165</u>	<u>\$ 5,624,843</u>	<u>\$ 5,104,271</u>	<u>\$ 3,315,041</u>
All Other Governmental Funds				
Reserved	\$ -	\$ 538,409	\$ 8,618,595	\$ 3,771,374
Unreserved, reported in:				
Special revenue funds	8,554,808	10,075,923	9,361,788	8,978,230
Debt service funds	108,025	600	396,657	544,725
Capital projects funds	6,606,458	1,624,613	1,251,034	1,826,137
Permanent fund	-	26,000	26,027	27,522
Total all other governmental funds	<u>\$ 15,269,291</u>	<u>\$ 12,265,545</u>	<u>\$ 19,654,101</u>	<u>\$ 15,147,988</u>
Total governmental funds	<u><u>\$ 20,769,456</u></u>	<u><u>\$ 17,890,388</u></u>	<u><u>\$ 24,758,372</u></u>	<u><u>\$ 18,463,029</u></u>

Source: City annual financial statements.

Fiscal Year Ended June 30

2004	2005	2006	2007	2008	2009
\$ 109,018	\$ 121,270	\$ 107,957	\$ 106,943	\$ 129,315	\$ 131,224
4,340,265	6,637,473	6,575,442	6,576,574	8,232,519	9,675,674
<u>\$ 4,449,283</u>	<u>\$ 6,758,743</u>	<u>\$ 6,683,399</u>	<u>\$ 6,683,517</u>	<u>\$ 8,361,834</u>	<u>\$ 9,806,898</u>
\$ 1,747,334	\$ 474,760	\$ 292,457	\$ 430,082	\$ 405,082	\$ 1,000
10,694,901	12,160,318	13,044,833	14,652,413	15,105,248	14,189,386
680,823	1,046,485	1,437,900	1,765,680	1,385,001	34,911
1,402,123	3,056,376	494,641	266,930	278,527	163,965
1,825	28,353	3,318	3,896	21,158	10,278
<u>\$ 14,527,006</u>	<u>\$ 16,766,292</u>	<u>\$ 15,273,149</u>	<u>\$ 17,119,001</u>	<u>\$ 17,195,016</u>	<u>\$ 14,399,540</u>
<u>\$ 18,976,289</u>	<u>\$ 23,525,035</u>	<u>\$ 21,956,548</u>	<u>\$ 23,802,518</u>	<u>\$ 25,556,850</u>	<u>\$ 24,206,438</u>

City of Royal Oak, Michigan
Financial Trends
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2000	2001	2002	2003
Revenues				
Taxes	\$ 19,825,233	\$ 19,722,816	\$ 18,279,197	\$ 20,363,469
Licenses and permits	-	-	-	1,937,879
Federal grants	22,649	1,074,479	4,796,715	2,638,283
State grants	11,810,697	11,994,337	11,242,918	10,605,532
Charges for services (1)	5,409,483	5,591,129	5,883,450	3,567,137
Fines and forfeitures	-	-	-	3,417,929
Interest and rentals	1,737,533	1,770,235	853,598	671,312
Contributions and donations	-	-	-	103,896
Other revenue (1)	2,506,540	4,043,805	2,983,380	1,159,023
Total revenues	<u>41,312,135</u>	<u>44,196,801</u>	<u>44,039,258</u>	<u>44,464,460</u>
Expenditures				
General government	6,458,969	7,394,462	9,074,956	10,516,595
Public safety	14,476,291	15,167,627	16,125,179	17,708,881
Public works	14,252,167	17,999,418	14,437,564	17,583,547
Health and welfare (1)	2,043,446	1,761,875	1,990,068	488,231
Community and economic development	1,687,959	759,019	727,664	1,835,118
Recreation and culture	2,213,580	2,315,507	2,495,519	2,981,456
Debt service:				
Principal payments	2,592,727	2,430,000	180,000	485,000
Interest and paying agent fees	504,215	419,203	523,932	742,415
Total expenditures	<u>44,229,354</u>	<u>48,247,111</u>	<u>45,554,882</u>	<u>52,341,243</u>
Excess (deficiency) of revenues over (under) expenditures	(2,917,219)	(4,050,310)	(1,515,624)	(7,876,783)
Other Financing Sources (Uses)				
Bond proceeds	-	-	9,000,000	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	5,368,471	2,818,973	4,176,287	3,535,417
Transfers from component units	1,510,405	1,179,530	895,763	500,000
Transfers out	(5,990,025)	(2,853,261)	(5,688,468)	(3,499,863)
Sale of capital assets	-	-	-	42,980
Total other financing sources (uses)	<u>888,851</u>	<u>1,145,242</u>	<u>8,383,582</u>	<u>578,534</u>
Net change in fund balances	<u>\$ (2,028,368)</u>	<u>\$ (2,905,068)</u>	<u>\$ 6,867,958</u>	<u>\$ (7,298,249)</u>
Debt service as a percentage of noncapital expenditures	7.87%	6.33%	1.75%	2.58%

Note: Detail for revenue and expenditures in FY2000, FY2001 and FY2002 are not comparable to the years thereafter.

Source: City annual financial statements

Fiscal Year Ended June 30

2004	2005	2006	2007	2008	2009
\$ 22,901,870	\$ 24,308,407	\$ 25,401,427	\$ 26,843,146	\$ 27,791,327	\$ 27,894,711
2,184,584	3,139,452	3,176,333	2,889,242	2,561,656	2,455,968
1,722,152	1,259,964	3,698,693	3,082,224	2,907,622	1,787,930
10,282,660	10,062,113	9,970,737	9,803,930	9,661,102	9,261,154
4,363,152	3,857,659	4,812,481	3,589,406	3,735,014	3,806,309
3,705,665	3,992,629	4,412,285	4,145,185	4,396,589	4,175,074
512,219	772,796	1,699,490	2,120,566	2,304,081	1,320,563
536,753	1,036,809	624,994	507,954	1,541,430	1,811,555
900,444	821,018	892,986	1,106,180	964,482	1,562,187
<u>47,109,499</u>	<u>49,250,847</u>	<u>54,689,426</u>	<u>54,087,833</u>	<u>55,863,303</u>	<u>54,075,451</u>
10,596,597	9,160,702	11,810,472	12,155,896	8,630,729	9,004,224
17,078,156	18,045,357	19,978,522	20,426,500	24,646,113	25,414,070
15,058,320	15,693,263	19,420,647	15,152,352	13,086,601	14,057,676
447,452	473,915	474,420	455,470	597,709	712,703
1,622,347	1,349,101	1,766,681	1,569,772	2,307,383	1,405,210
2,870,755	2,954,605	3,232,077	3,284,964	3,986,566	3,912,795
500,000	520,000	675,000	715,000	830,000	865,000
723,310	692,014	817,317	772,931	776,549	710,111
<u>48,896,937</u>	<u>48,888,957</u>	<u>58,175,136</u>	<u>54,532,885</u>	<u>54,861,650</u>	<u>56,081,789</u>
(1,787,438)	361,890	(3,485,710)	(445,052)	1,001,653	(2,006,338)
-	3,700,000	5,680,000	825,000	-	-
-	-	(5,581,777)	-	-	-
3,681,666	5,974,462	9,824,549	4,992,029	3,445,684	6,058,933
500,000	-	-	-	-	-
(2,075,086)	(5,525,801)	(8,073,240)	(3,556,965)	(2,693,004)	(5,403,007)
194,118	38,195	67,691	30,958	-	-
<u>2,300,698</u>	<u>4,186,856</u>	<u>1,917,223</u>	<u>2,291,022</u>	<u>752,680</u>	<u>655,926</u>
<u>\$ 513,260</u>	<u>\$ 4,548,746</u>	<u>\$ (1,568,487)</u>	<u>\$ 1,845,970</u>	<u>\$ 1,754,333</u>	<u>\$ (1,350,412)</u>
2.68%	2.79%	3.10%	3.00%	3.10%	3.01%

**City of Royal Oak
Revenue Capacity Information
Taxable Value and Assessed Value of Taxable Property
Last Ten Fiscal Years**

Tax Year	Fiscal Year	Real Property Taxable Value					Total Real
		Residential	Commercial	Industrial	Industrial Facilities Tax (IFT)		
1999	2000	\$ 1,153,595,130	\$ 266,104,669	\$ 35,024,260	\$ 4,770,690	\$ 1,459,494,749	
2000	2001	1,212,745,473	273,779,259	38,940,290	1,806,490	1,527,271,512	
2001	2002	1,287,075,230	285,334,539	39,472,710	3,225,490	1,615,107,969	
2002	2003	1,369,407,389	294,349,479	46,791,030	2,349,370	1,712,897,268	
2003	2004	1,438,121,583	308,954,576	56,238,050	599,240	1,803,913,449	
2004	2005	1,527,187,417	320,080,826	51,323,010	-	1,898,591,253	
2005	2006	1,636,065,740	337,410,500	52,529,200	-	2,026,005,440	
2006	2007	1,760,779,950	355,053,760	54,154,390	-	2,169,988,100	
2007	2008	1,875,049,470	378,328,500	56,432,540	-	2,309,810,510	
2008	2009	1,889,916,570	393,623,270	58,732,400	-	2,342,272,240	

Note: Under Michigan law, the revenue base is Taxable Value.

Source: City Assessor's records.

Personal Property Taxable Value							Taxable as a
Personal	Industrial Facilities Tax (IFT)	Total Personal	Total Taxable Value	Direct Tax Rate (mills)	Assessed Value (Including IFTs)		% of Assessed Value
\$ 121,958,500	\$ 14,925,268	\$ 136,883,768	\$ 1,596,378,517	12.4369	\$ 1,941,094,468		82.24%
126,311,840	8,040,473	134,352,313	1,661,623,825	11.9057	2,084,546,453		79.71%
126,792,710	10,388,770	137,181,480	1,752,289,449	10.4159	2,223,098,690		78.82%
130,743,970	8,106,841	138,850,811	1,851,748,079	11.0001	2,450,195,741		75.58%
135,071,970	5,385,880	140,457,850	1,944,371,299	11.7980	2,608,639,195		74.54%
139,785,294	577,080	140,362,374	2,038,953,627	11.9556	2,746,631,540		74.23%
131,155,090	265,640	131,420,730	2,157,426,170	11.7816	2,871,791,330		75.12%
130,043,660	3,177,250	133,220,910	2,303,209,010	11.6701	3,015,692,720		76.37%
124,894,290	4,931,860	129,826,150	2,439,636,660	11.4366	3,119,200,310		78.21%
113,121,190	4,893,960	118,015,150	2,460,287,390	11.4333	2,991,369,550		82.25%

**City of Royal Oak
Revenue Capacity Information
Property Tax Rates - Direct and Overlapping
Last Ten Fiscal Years**

Direct City Taxes - Millage Rates (\$1 per 1,000) (1)

Tax Year	Fiscal Year	General Operating		Solid Waste Operating		Library Operating	Voted Debt	Total Direct Taxes
		Charter	Publications	Refuse-State	Refuse-Voted			
1999	2000	8.3535	0.0314	2.0520	0.5000	-	1.5000	12.4369
2000	2001	8.0993	0.0297	2.2088	0.2360	-	1.3319	11.9057
2001	2002	7.9737	0.0282	1.9790	0.3500	-	0.0850	10.4159
2002	2003	7.8349	0.0268	2.1366	0.6133	-	0.3885	11.0001
2003	2004	7.7048	0.0253	2.1011	0.5989	1.0000	0.3679	11.7980
2004	2005	7.5769	0.0240	2.0662	0.9501	0.9834	0.3550	11.9556
2005	2006	7.4806	0.0227	2.0399	0.9380	0.9709	0.3295	11.7816
2006	2007	7.4207	0.0222	2.0235	0.9304	0.9631	0.3102	11.6701
2007	2008	7.3947	0.0214	2.0164	0.7500	0.9597	0.2944	11.4366
2008	2009	7.3947	0.0213	2.0164	0.7500	0.9597	0.2912	11.4333

Notes:

- (1) General Operating millage includes the Charter operating rate and for fiscal year 1999-2000, a drain millage of 0.1900 and 0.1900 mills respectively. There are two Refuse rates: one rate is authorized by State statute and the other rate is by local voted authority.

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

Tax Year	Fiscal Year	General Operating		Solid Waste Operating		Library Operating	Voted Debt
		Charter	Publications	Refuse-State	Refuse-Voted		
2008	2009	7.3947	2.6888	2.0164	0.9965	0.9597	no limit

not to exceed
\$50,000 / year

- (2) County Rate includes Oakland County, Oakland County Park, Oakland County Public Transit Authority, Huron Clinton Metropolitan Park Authority and, starting in 2008, the Detroit Zoo Authority rates.
- (3) Royal Oak Schools serve 98.98% of the taxable value of the city. Berkley and Clawson school districts serve the remaining area.
- (4) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mills of school tax relief to qualified homeowners (Public Act 15 of 2003, MCL 211.7cc as amended). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional property tax relief.
- (5) The DDA tax rate applies only to parcels within the approved Downtown District. It is in addition to all other applicable property tax rates.

Source: City Assessor's records.

Overlapping Taxes			Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (3)		Downtown Development Authority (DDA) (5)
Intermediate School District	Oakland Community College	State Education Tax (SET)	Before School Taxes	School P.R.E.	School Non-P.R.E.	Tax Rate for P.R.E.	Tax Rate for Non-P.R.E.	
2.0998	1.6310	6.0000	27.1469	8.8000	21.4000	35.9469	48.5469	1.7776
2.0752	1.6109	6.0000	26.5632	8.7700	21.6000	35.3332	48.1632	1.7452
3.4526	1.5952	6.0000	26.4282	8.6500	21.5028	35.0782	47.9310	1.7453
3.4224	1.6090	6.0000	27.2838	8.1500	21.2061	35.4338	48.4899	1.7156
3.3991	1.5983	5.0000	27.0425	7.8000	20.6061	34.8425	47.6486	1.7156
3.3789	1.5889	6.0000	28.1672	7.5000	21.2061	35.6672	49.3733	1.7156
3.3690	1.5844	6.0000	27.9761	6.0130	20.3161	33.9891	48.2922	1.6831
3.3690	1.5844	6.0000	27.8596	7.7030	22.7100	35.5626	50.5696	1.6831
3.3690	1.5844	6.0000	27.6261	7.6057	22.7100	35.2318	50.3361	1.6831
3.3690	1.5844	6.0000	27.7228	7.4095	22.7100	35.1323	50.4328	1.6477

**City of Royal Oak
Revenue Capacity Information
Principal Property Taxpayers
Ten Year Comparison**

Taxpayer	Assessment Year					
	1999			2008		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	\$ 23,644,350	2	1.48%	\$ 24,131,770	1	0.98%
Spirit Holdings / Form Tech			-	23,664,650	2	0.96%
Beaumont Hospital	13,974,600	5	0.88%	15,069,880	3	0.61%
Amber Equities, LLC			-	14,535,200	4	0.59%
Flex-N-Gate			-	13,784,850	5	0.56%
Consumer's Energy	10,537,580	6	0.66%	9,636,920	6	0.39%
Co-op Services	8,370,940	7	0.52%	9,562,570	7	0.39%
National City Bank			-	8,047,980	8	0.33%
Meijer, Inc.	6,982,510	9	0.44%	7,592,030	9	0.31%
Woodland Gardens			-	5,612,700	10	0.23%
Masco	24,548,020	1	1.54%			-
Hawthorn Metal	15,647,300	4	0.98%			-
First of America	16,221,090	3	1.02%			-
Amber Management	7,089,824	8	0.44%			-
Detroit Cellular	6,043,460	10	0.38%			-
Total taxable value of ten largest taxpayers	133,059,674		8.34%	131,638,550		5.35%
Total taxable value of all other taxpayers	<u>1,463,318,843</u>		<u>91.66%</u>	<u>2,328,648,840</u>		<u>94.65%</u>
Total taxable value of all taxpayers	<u>\$ 1,596,378,517</u>		<u>100.00%</u>	<u>\$ 2,460,287,390</u>		<u>100.00%</u>

Source: City Assessor

**City of Royal Oak
Revenue Capacity Information
Property Tax Levies and Collections
Last Ten Fiscal Years**

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percent of Levy		Amount	Percent of Levy
1999	2000	\$ 19,054,112	\$18,594,405	97.58%	\$ 316,801	\$18,911,206	99.24%
2000	2001	23,035,265	21,827,216	94.75%	1,018,101	22,845,317	99.17%
2001	2002	21,552,468	20,483,366	95.03%	902,441	21,385,807	99.22%
2002	2003	23,982,743	22,721,005	94.73%	1,061,254	23,782,259	99.16%
2003	2004	26,869,041	25,491,315	94.87%	1,168,274	26,659,589	99.22%
2004	2005	28,929,702	27,362,635	94.58%	1,392,526	28,755,161	99.39%
2005	2006	30,379,835	28,584,387	94.09%	1,691,315	30,275,702	99.65%
2006	2007	32,671,722	30,418,793	93.10%	2,024,403	32,443,196	99.30%
2007	2008	27,941,762	27,684,282	99.07%	22,552	27,706,834	99.15%
2008	2009	27,871,925	27,828,147	99.84%	2,045	27,830,192	99.85%

Note: The amount collected within the fiscal year includes delinquent real taxes turned over to Oakland County on March 1 of every year for collection.

Source: City Treasurer's records.

**City of Royal Oak
Debt Capacity Information
Ratios of Outstanding Debt
Last Ten Fiscal Years**

	2000	2001	2002	2003
Governmental Activities				
General obligation bonds	\$ 9,585,000	\$ 7,155,000	\$ 15,975,000	\$ 15,490,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Capital leases	-	-	-	-
Loans & other contractual obligations	-	-	-	-
Total	9,585,000	7,155,000	15,975,000	15,490,000
Business-type Activities				
General obligation bonds	7,385,000	30,089,872	27,412,387	25,517,387
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Loans and Contractual obligations	1,620,417	6,983,973	17,866,420	23,320,729
Total	9,005,417	37,073,845	45,278,807	48,838,116
Component Unit Activities				
General obligation bonds	1,000,000	950,000	875,000	800,000
Loans and Contractual obligations	1,900,000	1,400,000	-	-
Total	2,900,000	2,350,000	875,000	800,000
Total debt of the City	<u>\$ 21,490,417</u>	<u>\$ 46,578,845</u>	<u>\$ 62,128,807</u>	<u>\$ 65,128,116</u>
Total taxable value	\$ 1,596,378,517	\$ 1,661,623,825	\$ 1,752,289,449	\$ 1,851,748,079
Ratio of total debt to taxable value	1.35%	2.80%	3.55%	3.52%
Total population	60,062	59,707	59,223	58,834
Total debt per capita	\$358	\$780	\$1,049	\$1,107

Note: In fiscal year 2003, the City Adopted GASB 34 and began reporting a government-wide statement of net assets.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City Finance Department

	2004	2005	2006	2007	2008	2009
\$	14,990,000	\$ 18,170,000	\$ 17,700,000	\$ 17,810,000	\$ 19,625,000	\$ 19,850,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	14,990,000	18,170,000	17,700,000	17,810,000	19,625,000	19,850,000
	24,437,387	23,327,387	23,757,387	22,437,387	21,047,387	30,132,387
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	31,280,486	32,744,671	32,447,026	31,164,996	29,946,268	30,149,462
	55,717,873	56,072,058	56,204,413	53,602,383	50,993,655	60,281,849
	725,000	625,000	525,000	425,000	300,000	150,000
	-	-	-	-	-	-
	725,000	625,000	525,000	425,000	300,000	150,000
\$	71,432,873	\$ 74,867,058	\$ 74,429,413	\$ 71,837,383	\$ 70,918,655	\$ 80,281,849
\$	1,994,371,299	\$ 2,038,953,627	\$ 2,157,426,170	\$ 2,303,209,010	\$ 2,439,636,660	\$ 2,460,287,390
	3.58%	3.67%	3.45%	3.12%	2.91%	3.26%
	58,485	58,279	57,984	55,777	54,903	54,365
	\$1,221	\$1,285	\$1,284	\$1,288	\$1,292	\$1,477

**City of Royal Oak
Debt Capacity Information
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
	Limited tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt				
2000	\$ 8,985,000	\$ 600,000	\$ 108,025	\$ -	\$ 9,476,975	\$ 1,596,378,517	0.59%	60,062	\$ 158
2001	7,155,000	-	600	-	7,154,400	1,661,623,825	0.43%	59,707	120
2002	6,975,000	9,000,000	396,657	-	15,578,343	1,752,289,449	0.89%	59,223	263
2003	6,785,000	8,705,000	666,776	-	14,823,224	1,851,748,079	0.80%	58,834	252
2004	6,590,000	8,400,000	680,823	-	14,309,177	1,944,371,299	0.74%	58,485	245
2005	10,085,000	8,085,000	1,046,485	-	17,123,515	2,038,953,627	0.84%	58,279	294
2006	9,940,000	7,760,000	1,437,900	-	16,262,100	2,157,426,170	0.75%	57,984	280
2007	10,390,000	7,420,000	1,765,680	-	16,044,320	2,303,209,010	0.70%	55,777	288
2008	12,560,000	7,065,000	1,385,001	-	18,239,999	2,439,636,660	0.75%	54,903	332
2009	13,150,000	6,700,000	34,911	-	19,815,089	2,460,287,390	0.81%	54,365	364

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City annual financial statements.

**City of Royal Oak
Debt Capacity Information
Direct and Overlapping Governmental Activities Debt
June 30, 2009**

Government Unit	Gross	Self-Supporting	Net	Net Debt (2)	
				Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 80,281,849	\$ 46,246,849	\$ 34,035,000	\$626	2.34%
Overlapping Debt (1):	Gross	City share as % of Gross	Net City Share		
Royal Oak School District	83,120,000	96.38%	80,111,056		
Berkley School District	28,045,000	1.96%	549,682		
Clawson School District	26,855,000	1.18%	316,889		
Oakland County at large	103,299,926	3.79%	3,915,067		
Okland Intermediate School District	51,860,000	3.80%	1,970,680		
Oakland County Community College	6,965,000	3.82%	266,063		
Total Overlapping Debt	300,144,926		87,129,437	\$1,603	6.00%
Total Direct and Overlapping Debt	\$ 380,426,775		\$ 121,164,437	\$2,229	8.34%

(1) Overlapping debt figures supplied by the Municipal Advisory Commission of Michigan.

(2) Based upon the City's 2009 SEMCOG population estimate of 54,365 and 2009 Ad Valorem Taxable Valuation of \$2,460,287,390.

**City of Royal Oak
Debt Capacity Information
Computation of Legal Debt Margin
Last Ten Fiscal Years**

As of June 30	2000	2001	2002	2002
Valuation base				
State equalized valuation - excluding IFT values	\$ 1,921,398,510	\$ 2,074,699,490	\$ 2,209,484,430	\$ 2,439,739,530
Plus: equivalent valuation of Act 198 exemptions	19,695,958	9,846,963	13,614,260	10,456,211
Total valuation	<u>\$ 1,941,094,468</u>	<u>\$ 2,084,546,453</u>	<u>\$ 2,223,098,690</u>	<u>\$ 2,450,195,741</u>
Legal debt limitation - 10% of total valuation	\$ 191,155,053	\$ 206,977,600	\$ 220,267,730	\$ 243,451,142
Calculation of debt subject to limit:				
Debt outstanding	21,453,006	46,403,753	61,960,931	65,128,116
Less: Bonds not subject to limit	-	(18,972,592)	(29,601,232)	(34,469,219)
Net debt subject to limit	<u>19,228,006</u>	<u>26,311,161</u>	<u>32,359,699</u>	<u>30,658,897</u>
Additional Debt which can be legally incurred	<u>\$ 171,927,047</u>	<u>\$ 180,666,439</u>	<u>\$ 187,908,031</u>	<u>\$ 212,792,245</u>
Non-exempt debt as a percent of debt limit	0.99%	1.26%	1.46%	1.25%

Source: City Finance Department

Note:

Section 21 of Article VII of the Michigan Constitution establishes the City, subject to statutory and constitutional limitations for municipalities to incur debt for public purposes:

"The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes, and restrict the powers of cities and villages to borrow money and contract debts. Each city and village is granted power to levy other taxes for other public purposes, subject to the limitations and prohibitions provided by the constitution or by law."

In accordance with the foregoing authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a home rule city may have outstanding at any time. Section 4-a of the Home Rule Cities Act provides:

"The net indebtedness incurred for all public purposes may be as much as but shall not exceed the greater of the following:

- (a) Ten percent of all the real and personal property of the city adjusted for tax abated property.
- (b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities."

Significant exceptions to the debt limitation have been permitted by the Home Rule Cities Act for certain types of indebtedness which include: special assessment bonds and Michigan transportation fund bonds (formerly motor vehicle highway fund bonds), even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds issued or contract obligations or assessments incurred to comply with an order of the Water Resources Commission of the State or a court of competent jurisdiction; obligations incurred for water supply, sewage, drainage or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution; and bonds issued for construction, improvements and replacement of a combined sewer overflow abatement facility. The resources of a sinking fund pledged for the retirement of outstanding bonds shall also be excluded in computing the debt limitation.

The ten percent limit may be exceeded by 3/8 of 1% in case of flood, fire or other calamity.

2004	2005	2006	2007	2008	2009
\$ 2,602,654,075	\$ 2,746,054,460	\$ 2,871,525,690	\$ 3,012,515,470	\$ 3,114,268,450	\$ 2,986,475,590
5,985,120	577,080	265,640	3,177,250	4,931,860	4,893,960
<u>\$ 2,608,639,195</u>	<u>\$ 2,746,631,540</u>	<u>\$ 2,871,791,330</u>	<u>\$ 3,015,692,720</u>	<u>\$ 3,119,200,310</u>	<u>\$ 2,991,369,550</u>
\$ 259,966,151	\$ 274,576,592	\$ 287,139,287	\$ 301,092,684	\$ 311,920,031	\$ 299,136,955
71,432,873 (41,917,168)	74,867,058 (42,864,058)	75,282,703 (46,219,294)	71,837,383 (44,273,335)	70,918,655 (43,878,655)	80,281,849 (46,396,849)
29,515,705	32,003,000	29,063,409	27,564,048	27,040,000	33,885,000
<u>\$ 230,450,446</u>	<u>\$ 242,573,592</u>	<u>\$ 258,075,878</u>	<u>\$ 273,528,636</u>	<u>\$ 284,880,031</u>	<u>\$ 265,251,955</u>
1.13%	1.17%	1.01%	0.91%	0.87%	1.13%

**City of Royal Oak
Debt Capacity Information
Pledged Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Water Revenue Bonds						Coverage
	Water & Sewer Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			
				Principal	Interest	Total	
2000	\$12,120,192	\$11,068,257	\$1,051,935	\$1,087,595	\$222,457	\$1,310,052	80%
2001	13,283,849	10,470,116	2,813,733	1,167,108	231,228	1,398,336	201%
2002	14,076,381	11,793,151	2,283,230	1,821,622	521,794	2,343,416	97%
2003	14,949,750	13,118,699	1,831,051	964,235	807,551	1,771,786	103%
2004	15,196,867	13,044,416	2,152,451	896,906	206,890	1,103,796	195%
2005	16,777,421	14,082,981	2,694,440	1,964,171	196,159	2,160,330	125%
2006	19,115,763	14,109,712	5,006,051	2,163,984	204,050	2,368,034	211%
2007	19,714,401	14,563,795	5,150,606	1,972,419	379,445	2,351,864	219%
2008	21,114,411	14,800,538	6,313,873	1,914,068	360,767	2,274,835	278%
2009	20,683,908	14,911,446	5,772,462	2,443,181	414,129	2,857,310	202%

Note: (1) Operating expenses net of depreciation and amortization.

Source: City Finance Department

**City of Royal Oak
Demographic and Economic Information
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Number of Households (1)	Population (1)	Per Capita Personal Income (2)	Total Personal Income (\$000)	Median Age (3)	School Enrollment (4)	Royal Oak (5)		Michigan (5)	
							Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
2000	28,788	60,062	\$47,084	\$2,827,959	36.9	6,620	37,988	1.7%	5,144	3.7%
2001	28,893	59,707	47,470	2,834,291	*	6,634	36,833	2.7%	5,144	5.2%
2002	28,902	59,223	48,342	2,862,958	*	6,555	35,785	3.2%	5,040	6.2%
2003	28,712	58,834	49,395	2,906,105	*	6,311	35,232	3.4%	5,033	7.1%
2004	28,678	58,485	50,337	2,943,959	38.6	6,017	34,951	3.5%	5,043	7.1%
2005	28,722	58,279	51,866	3,022,699	36.2	5,726	34,755	3.5%	5,065	6.8%
2006	28,760	57,984	52,645	3,052,568	39.3	5,496	34,417	3.5%	5,068	6.9%
2007	28,889	55,777	55,207	3,079,281	39.5	5,301	33,967	3.8%	5,024	7.1%
2008	28,674	54,903	55,207	3,031,030	39.9	5,270	32,767	4.4%	4,936	8.4%
2009	28,601	54,365	55,207	3,001,329	40.1	5,489	29,918	9.2%	4,942	15.2%

Source:

* Information not available.

(1) 2000 U.S. Census and SEMCOG July 1 estimates.

(2) 2000-2007 U.S. Department of Commerce, Bureau of Economic Analysis, Regional Barfactrs for Oakland County, MI. 2008-2009 Estimated using last year available.

(3) Per capita numbers are provided by Oakland County Planning and Economic Department based on 2000 US Census data using 2004-2007 Business Analyst ESRI estimates.

(4) Royal Oak Schools Fall enrollment count. (excludes Alternative Education)

(5) Michigan Dept. of Labor & Economic Growth (MDLEG): Labor Market Information. Data is not seasonally adjusted. Current year is as of June; prior years are annual averages.

**City of Royal Oak
Demographic and Economic Information
Principal Employers
Ten-Year Comparison**

Company Name	Product/Service	1999			2009		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	8,700	1	20.31%	10,362	1	31.45%
Royal Oak School District	Education	666	4	1.55%	582	2	1.77%
Howard & Howard, PC	Business law			-	317	3	0.96%
City of Royal Oak	Municipality	390	6	0.91%	312	4	0.95%
Holiday Market	Grocery store			-	300	5	0.91%
Consumers Energy	Utility	615	5	1.44%	270	6	0.82%
Meijer, Inc.	Retailer/grocery store	835	3	1.95%	250	7	0.76%
Detroit Zoological Society	Zoo			-	210	8	0.64%
HHI - Form Tech Industries LLC	Automotive supplier	260	11	0.61%	200	9	0.61%
Flex-N-Gate Royal Oak	Automotive supplier			-	180	10	0.55%
National City Bank	Financial products	840	2	1.96%			-
Masco Industries	Building products	340	7	0.79%			-
Hawthorne Metal Products	Automotive supplier	320	8	0.75%			-
Deco Grand Inc.	Automotive supplier	310	9	0.72%			-
Judson Center	Human services	290	10	0.68%			-
Total		13,566		31.67%	12,983		39.41%

Note: Comparable information is not available for FY 2000.

Sources: School District of the City of Royal Oak and City of Royal Oak

**City of Royal Oak
Operating Information
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function / Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
City hall	1	1	1	1	1	1	1	1	1	1
Court (in city hall to FY 2000)	-	1	1	1	1	1	1	1	1	1
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Marked patrol vehicles	33	33	33	32	33	32	32	31	29	29
Other police vehicles	20	21	21	23	23	23	21	15	16	16
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	8	9	9	8	8	8	8	8
Ambulance vehicles	4	4	6	4	4	4	4	4	4	4
Mobile command center	-	-	-	-	-	-	1	1	1	1
Public Parking										
Spaces	3,250	3,250	3,459	3,464	3,719	3,557	3,445	3,445	3,424	3,678
Decks	1,041	1,041	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
Lots	1,036	1,036	862	867	923	923	778	821	1,092	1,244
Streets	678	682	690	690	696	675	757	757	750	766
Meters	1,855	1,859	1,693	1,693	1,760	1,739	1,676	1,717	1,950	2,010
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	50	50	50	50	50	50	50	50	50	50
Park acreage	310	310	310	310	310	310	310	310	310	310
Golf courses/holes	2 / 9 ea.									
Indoor ice skating surfaces	2	2	2	2	2	2	2	2	2	2
Tennis courts	33	33	33	33	33	33	33	33	33	33
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	111,007	115,217	111,080	117,596	131,989	139,309	132,186	139,843	153,499	175,713
Public computers	23	23	23	23	23	23	36	36	36	36
Roads and Sidewalks										
Miles of major streets	*	*	*	*	*	*	*	64.40	64.40	64.40
Miles of local streets	*	*	*	*	*	*	*	148.27	148.27	148.27
Miles of sidewalk	*	*	*	*	*	*	*	420	420	420
Utilities										
Water										
Miles of water main	*	*	215	215	215	215	215	215	215	215.50
Miles of sewer	*	*	357	357	357	357	357	357	357	357.70
Number of hydrants	*	*	2042	2049	2054	2057	2062	2064	2064	2070
Forestry										
Number of trees in rights-of-way	*	*	*	*	*	*	*	21,138	23,121	23,121

Source: City Departments

Note: * Information not available

**City of Royal Oak
Operating Information
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function / Program	Fiscal Year Ending June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Election data (calendar year)										
Registered voters	52,812	51,714	48,849	48,700	49,605	47,098	46,047	46,111	47,881	*
Elections held	4	4	3	2	3	3	3	1	3	*
Voters (at the polls or absentee)	32,102	11,455	24,575	10,808	35,204	16,645	27,746	8,222	35,357	*
Percent voting	60.8%	22.2%	50.3%	22.2%	71.0%	35.3%	60.3%	17.8%	73.8%	*
Vital Records (calendar year)										
Birth	7,013	6,787	6,825	7,114	6,658	6,230	6,094	6,107	5,975	*
Death	1,950	2,011	1,990	1,947	2,016	1,994	1,995	2,143	2,046	*
District Court										
Number of court cases by judges	5,494	4,408	6,297	7,402	6,934	6,946	7,689	7,404	7,768	7,928
Number of court cases by magistrates	4,997	4,567	6,976	8,818	8,233	9,441	10,725	8,463	9,926	8,190
Number of traffic tickets handled	18,312	13,555	15,130	28,091	23,940	25,503	27,157	28,146	24,626	20,692
Number of criminal cases handled	2,477	1,625	1,922	2,589	2,020	2,861	2,706	2,986	4,376	3,354
Number of civil cases handled	2,027	2,160	2,299	2,722	2,666	2,430	2,662	2,765	3,138	3,288
Number of parking tickets handled	50,625	59,291	61,039	72,772	90,700	81,211	68,526	86,140	91,226	77,403
Assessing										
Parcels (tax / calendar year)	22,874	22,909	23,029	23,053	23,209	23,328	24,172	24,280	27,867	27,754
Documents processed (prior to 2008 PTAs only)	1,478	1,415	1,184	1,128	1,358	1,033	864	841	3,344	1,254
Building and Safety (calendar year, 2009 through June 30)										
Permits issued	1,911	1,044	2,053	2,012	1,907	1,730	1,522	1,375	1,289	564
Estimated permit value (\$000)	\$39,377	\$165,812	\$50,060	\$54,410	\$83,172	\$106,404	\$109,009	\$53,464	\$53,075	\$6,859
Police (calendar year, 2009 through June 30)										
Calls for service	30,971	31,365	30,717	32,669	33,077	34,340	33,733	31,743	32,140	166,038
Group A offenses	*	3,462	3,277	3,401	3,286	3,635	3,899	3,776	3,616	1,599
Group B offenses	*	1,384	1,296	1,496	1,769	2,260	2,205	2,621	2,590	12,520
Traffic violations issued	9,720	11,869	22,695	21,884	23,832	23,236	26,956	21,635	20,934	9,188
Parking violations issued	*	*	*	*	*	80,314	67,519	92,136	79,776	41,283
Fire										
Fire runs	1,260	1,358	1,281	1,484	1,510	1,585	1,492	1,620	1,869	1,532
Emergency medical runs	3,610	3,434	3,388	3,518	3,608	3,648	3,573	3,590	3,951	3,828
Inspections	*	*	*	*	*	165	259	261	271	291
Human Resources										
Employment applications - full & part-time	1,149	926	1,844	489	975	1,383	985	986	329	548
Hires, position changes, retirements, terminations	105	78	99	67	89	55	64	45	61	49
Workers' comp. claims filed - medical & indemnity	120	114	119	123	102	93	59	62	83	64
Health insurance enrollees - Employees	*	*	346	350	340	330	321	311	300	287
Health insurance enrollees - Retirees	*	*	379	369	382	387	386	389	380	379

Source: City Departments

**City of Royal Oak
Operating Information
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function / Program	Fiscal Year Ending June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Library (The library was closed for eight months in FY 2006 during remodeling.)										
Cardholders - new registrations	*	*	*	*	*	*	*	*	4,415	4,860
Cardholders - total registrations	25,335	23,087	22,817	22,656	23,894	27,077	29,812	24,364	25,771	28,166
Circulation - number of transactions	210,332	218,612	201,409	249,277	259,987	233,555	155,864	336,445	360,333	405,067
Number of visitors	251,432	257,592	249,140	257,121	252,705	232,888	75,000	296,578	481,986	618,279
Number of computer uses	19,084	28,600	24,388	38,428	33,888	38,902	31,037	104,043	97,482	77,910
Number of programs/events offered	*	*	*	*	*	*	*	345	435	549
Number of program/event attendees	*	*	*	*	*	*	*	9,513	13,180	15,862
Parks and recreation										
Ice rental and other use (hours per calendar year)	*	*	*	8,153	7,927	7,269	7,702	7,458	7,496	5,387 to 8/31
Recreation program participants	*	*	*	*	*	11,694	12,527	15,124	15,756	16,208
Golf Course										
Rounds of Golf - Normandy Oaks	*	*	*	*	*	*	*	15,107	17,230	16,136
Rounds of Golf - Royal Oak	*	*	*	*	*	*	*	25,883	27,140	26,017
Senior Programs										
Senior activity sessions	*	*	*	5,501	5,500	4,654	4,585	4,000	3,794	3,879
Senior activity participants	*	*	*	115,610	115,000	103,699	98,685	70,909	93,275	95,832
Senior meals served on-site and delivered	*	*	*	36,983	33,320	37,439	55,712	62,100	42,168	34,010
Senior transportation trips	*	*	*	16,320	17,839	17,757	17,321	18,000	18,120	18,690
Note: In fiscal year 2003, the City Adopted GASB 34 ar statement of net assets.	*	*	*	15,000	23,500	24,000	24,000	24,000	24,000	24,000
	*	*	*	*	3,297	2,995	2,300	2,000	2,045	2,542
Public Works / Engineering	3.90	7.99	9.02	8.17	7.44	0.69	0.46	0.00	2.11	3.00
Miles of street resurfaced										
	166,990	277,183	236,280	247,653	329,240	230,710	329,738	*	22,364	31,000
Square feet of sidewalk - removed & replaced	9,599	4,731	28,732	20,389	14,879	35,628	55,311	*	9,973	1,000
Square feet of sidewalk - new	*	*	*	31,785	32,403	30,185	28,620	27,778	28,690	24,939
Curbside refuse collected (tons)	*	*	*	11,073	9,739	8,830	6,706	9,006	10,829	10,432
Curbside compost collected (tons)	*	*	*	4,244	4,279	4,069	3,477	3,043	3,415	3,654
Curbside recycleables collected (tons)	*	*	*	7,005	6,611	6,662	9,680	3,900	5,125	3,643
Leaf collection (tons)										
	3,600	2,421	1,792	428	3,620	3,892	3,830	3,693	8,373	9,765
Feet of watermain - replaced	292	202	4,200	0	270	1,395	306	1,165	1,160	2,333
Feet of watermain - new										
	556	3,318	245	0	612	0	3,111	579	1,625	1,967
Feet of sewer - replaced	2,721	427	1,638	0	95	0	0	1,708	2,155	989
Feet of sewer - new										
Utilities - Water and Sewer	23,541	23,563	23,584	23,605	23,669	23,743	23,802	23,848	23,873	23,894
Number of customers billed	*	*	349,899,600	349,899,600	318,265,000	308,870,900	315,553,300	332,034,800	293,807,500	278,193,100
Water units purchased (100 cubic feet)	339,723,500	313,703,776	328,446,202	328,446,202	305,206,073	292,866,093	304,626,900	280,103,918	288,715,060	261,780,300
Water units billed (100 cubic feet)	*	*	*	*	*	*	311,874,000	302,249,700	293,592,500	277,958,800

Source: City Departments

**City of Royal Oak
Operating Information
Authorized Full-time Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year Ending June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
44th District Court/Probation	20	20	22	23	23	23	22	22	22	22
Administrative Services										
Manager	2.5	2.5	2.5	2.5	2.5	2	2	2	2	2
Attorney	4	4	4	4	4	4	5	4	5	4
City Clerk	7	7	7	7	7	6.5	4	4	4	4
Human Resources	4.5	4.5	4.5	3.5	4.5	4	4	4	4	4
Building	17	18	19	12	12	12	11	11	11	11
Code Enforcement	-	-	-	7	7	7	6	5	5	4
Engineering	11	11	12	12	12	9	11	10	10	10
Planning	5	5	5	5	5	5	6	5	5	5
Block Grant	3	0	3	3	3	3	3	3	3	2
Housing	2	0	2	2	2	2	2	2	2	1
Finance Group	7	7	7	7	7	6	6	6	6	6
Assessing	5	5	5	5	5	5	5	4	4	4
Purchasing	1	1	1	1	1	0.5	1	1	1	1
Treasurer	5	5	5	5	5	5	5	5	5	5
Water Billing	2	2	2	1	2	2	2	2	2	1
Information Systems	5	5	5	6	6	6	6	6	6	4
Subtotal	81	77	84	83	85	79	79	74	75	68
Library	14	14	15	15	15	15	12	14	13	13
Public Safety										
Police	113	122	122	123	123	117	107	106	107	103
Fire	71	72	72	72	72	68	70	65	63	63
Subtotal	184	194	194	195	195	185	177	171	170	166
Recreation & Public Services										
Public Service										
Parks & Forestry	16	16	16	16	16	14	13	8	8	8
CH Building Maintenance	2	2.5	2	2	2	2	2	2	2	2
Highway	23	23	22	23	23	20	14	16	16	14
Motor Pool	12	12	12	12	12	12	12	12	12	11
Electrical	2	2	2	2	2	2	2	2	1	1
Solid Waste	1	1	1	0	0	1	1	1	1	1
Water Maintenance	9	9	9	9	9	9	8	9	9	9
Water Meter Services	6	6	6	6	6	6	6	6	6	6
Sewer Maintenance	10	10	10	10	10	10	9	9	9	9
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	4	3.5	4	2	4	4	3	2	2	2
Ice Arena	1	1	1	0	1	1	1	1	1	1
Senior Services	2	2	2	2	2	2	2	2	2	2
Subtotal	91	91	90	87	90	86	76	73	72	69
Total	390	396	405	403	408	388	366	354	352	338

Note: Positions are authorized budget positions as approved in the original budget.

Source: City Finance Department