

ROYAL OAK

Comprehensive Annual Financial Report

Fiscal Year Ending 6/30/2010

318

CITY OF ROYAL OAK, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2010

CITY COMMISSION

Mayor

James B. Ellison

Mayor Pro Tem

Michael R. Andrzejak

Commissioners

Patricia Capello

Terry H. Drinkwine

David J. Poulton

James Rasor

Charles Semchena

ADMINISTRATION

City Manager

Donald E. Johnson

Director of Finance

Julie Rudd

Controller

Anthony C. DeCamp

**City of Royal Oak, Michigan
For the Fiscal Year Ended June 30, 2010**

TABLE OF CONTENTS

	Page
Introductory Section	
Letter of Transmittal	i-ix
GFOA Certificate of Achievement	x
Organization Chart	xi
List of Principal Officials	xii
Financial Section	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets	13
Statement of Activities	14
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	19
Solid Waste Fund	20
Community Development Block Grant Fund	21
Statement of Net Assets - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Statement of Fiduciary Net Assets - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	26
Combining Statement of Net Assets - Component Units	27
Combining Statement of Activities - Component Units	28
<u>Notes to Financial Statements</u>	29-57
Required Supplementary Information	
Schedule of Funding Progress and Schedule of Employer Contributions	58-59

**City of Royal Oak, Michigan
For the Fiscal Year Ended June 30, 2010**

TABLE OF CONTENTS

	Page
Other Supplemental Information	
<u>Nonmajor Governmental Funds:</u>	
Combining Balance Sheet - Nonmajor Governmental Funds	60-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	62-63
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Major Streets Fund	64
Local Streets Fund	65
Publicity Fund	66
Senior Citizens Program Fund	67
Library Millage Fund	68
State Construction Code Fund	69
Acorn Fund	70
Grants Fund	71
<u>Nonmajor Enterprise Funds:</u>	
Combining Statement of Net Assets - Nonmajor Enterprise Funds	72
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds	73
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	74
<u>Internal Service Funds:</u>	
Combining Statement of Net Assets - Internal Service Funds	75
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds	76
Combining Statement of Cash Flows - Internal Service Funds	77
<u>Agency Funds:</u>	
Combining Statement of Fiduciary Net Assets - Agency Funds	78
Combining Statement of Changes in Assets and Liabilities	79
<u>Component Units:</u>	
Balance Sheets - Component Units	80
Statements of Revenues, Expenditures, and Changes in Fund Balances – Component Units	81
Reconciliations of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities	82
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Tax Increment Financing Authority	83
Downtown Development Authority	84
Brownfield Redevelopment Authority	85
Housing Commission	86

**City of Royal Oak, Michigan
For the Fiscal Year Ended June 30, 2010**

TABLE OF CONTENTS

	Page
Statistical Section (Unaudited)	
Description of Statistical Section	87
<u>Financial Trends</u>	
Net Assets by Component.....	88-89
Changes in Net Assets.....	90-91
Fund Balances - Governmental Funds.....	92-93
Changes in Fund Balance - Governmental Funds.....	94-95
<u>Revenue Capacity</u>	
Taxable Value and Assessed Value of Taxable Property.....	96-97
Property Tax Rates – Direct and Overlapping.....	98-99
Principal Property Taxpayers	100
Property Tax Levies and Collections.....	101
<u>Debt Capacity</u>	
Ratios of Outstanding Debt	102-103
Ratio of General Bonded Debt Outstanding	104
Direct and Overlapping Debt	105
Computation of Legal Debt Margin.....	106-107
Pledged Revenue Coverage	108
<u>Demographic and Economic Information</u>	
Demographic Statistics.....	109
Principal Employers.....	110
<u>Operating Information</u>	
Capital Asset Statistics by Function/Program.....	111
Operating Indicators by Function/Program.....	112-113
Authorized Full-time Employees by Function/Program.....	114

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, 2009

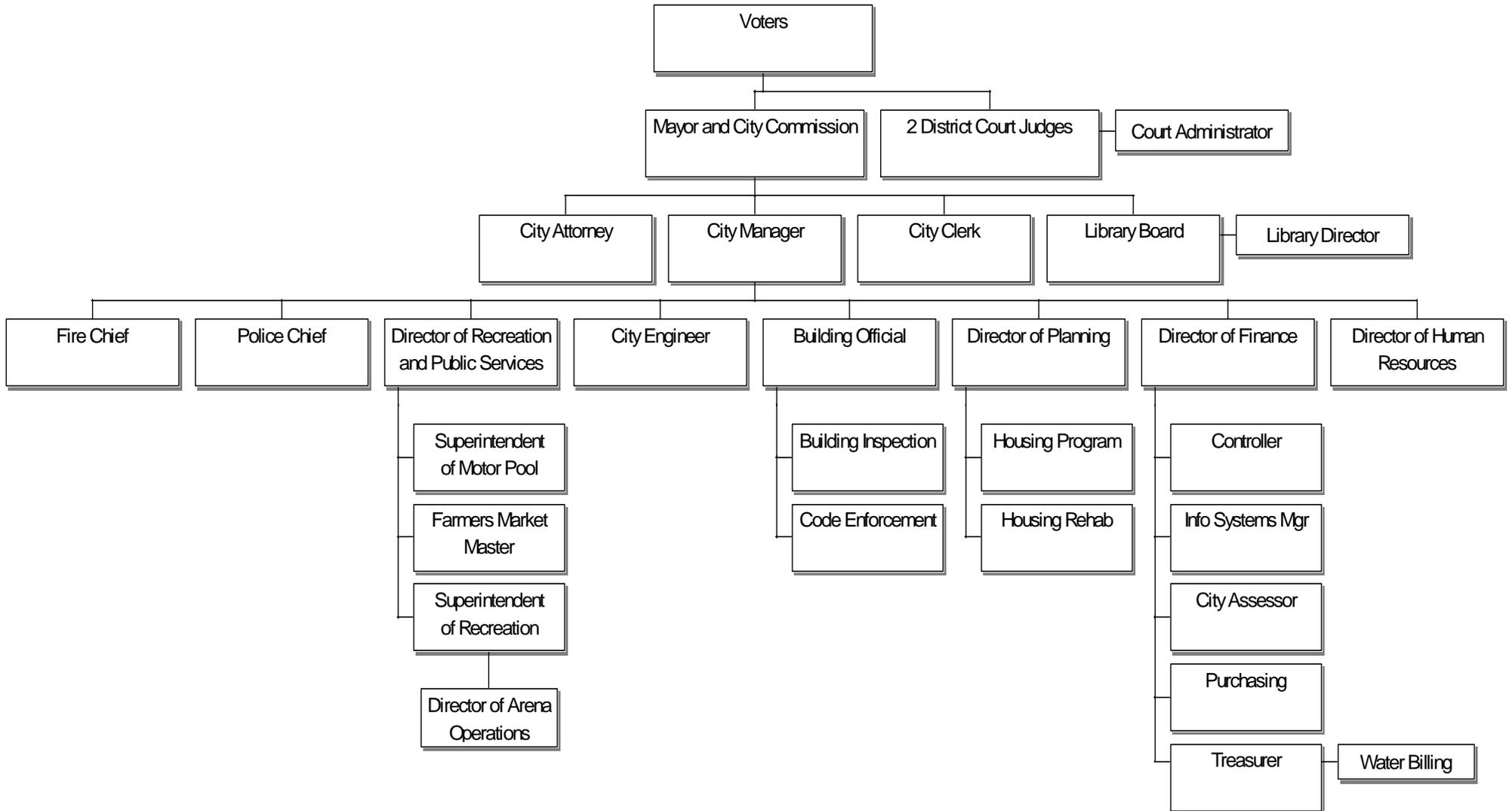
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Organization Chart



**City of Royal Oak
Principal Officials
As of June 30, 2010**

City Manager	Donald E. Johnson
City Attorney	David W. Gillam
Director of Finance	Julie Rudd
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	Patrick Mulligan
Human Resource Director	Mary Jo DiPaolo
Library Director	Mary Karshner
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



CITY OF ROYAL OAK

<http://www.ci.royal-oak.mi.us>
211 S WILLIAMS STREET
P.O. BOX 64
ROYAL OAK, MI 48068-0064
248-246-3000

December 20, 2010

To the Honorable Mayor, Commissioners, employees and residents 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, 2010. 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. The City has received an unqualified opinion for the last fiscal year's statements. An unqualified opinion is the most favorable opinion that can be issued. The auditor's opinion does not encompass information in the introductory or the statistical sections 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 54,000 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. For the first time, the City hosted the 13th Annual Arts, Beats & Eats festival over Labor Day weekend, attracting hundreds of thousands of visitors.

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 are self funded.

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 nearly 70% residential, 20% institutional and recreation, 6% commercial, 3% industrial with less than 1% vacant property. Property assessments are classified 73% residential, 20% commercial and 2% industrial and 5% personal property.

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 Southeast Michigan economy has experienced growth this last year, albeit at a slow pace. Royal Oak's work force is approximately 30,200 persons with per capita personal income at approximately \$53,650. The unemployment rate as of September 2010 was 7.7% comparing favorably to the state rate of 12.8%. The outlook is looking more favorable for the region, due to the recent positive news from Ford Motor Company and General Motors. The positive news regarding Ford's corporate earnings and GM's stock offering hopes to help bolster auto suppliers in the area, which will in turn hopefully trickle down to other regional businesses.

The Budget and Capital Improvement Plan

For the first time, the City prepared a detailed two-year rolling budget to assist with the financial planning, especially important in these fiscally difficult times. Long-term financial planning is incorporated in Royal Oak's budget which also includes another three years of financial projections. For each fund, a simple summary table shows beginning fund balance, projected revenue, projected expenditures, projected transfers, and projected ending fund balance for each year of the five year period. The budget reports the use of nearly \$9 million of General Fund fund balance in the next three years, beginning with FY2009/10. The General Fund is projected to be in a negative fund balance in FY2012/13, should our revenue and projection assumptions be realized.

A six year capital project plan is included in the budget. This includes in detail all of the planned capital projects and demonstrates the sources of funding.

Financial Policies

The City Commission has financial policies covering attrition, capital assets, capital improvement projects, debt management, fund balance, investments and retirement contributions. The City Commission adopted the FY2010/12 two-year rolling budget with the understanding that they would be deviating from the Fund Balance Policy temporarily, however did not wish to change the policy. *The specific policies can be reviewed in the Budget Highlight section of the budget document.*

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 City Commission's approved budget.

Activities of the General Fund and Special Revenue Funds are included in the appropriation act adopted prior to each fiscal year. 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.

With a new financial management system projected to be implemented in the beginning of 2011, we hope to maintain an encumbrance accounting system as one technique of accomplishing better 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. The City's 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.

2009-2010 Financial 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 revenue decreased by approximately \$1.4 million or 4.2 percent relative to the prior year. Property tax revenues decreased by 1 percent, as property assessments were based on December 31, 2008. State shared revenues decreased by 11 percent as this revenue source has continued to decline annually over the past ten

years and (statutory portion) has an uncertain future. Traffic fines declined 10 percent and interest income tumbled nearly 58 percent.

Total General Fund expenditures increased by 3.8 percent relative to FY2008/09. Increasing health care and pension costs were offset by a reduced workforce due to the City's attrition policy. Increased police personnel costs, code enforcement costs and property/casualty insurance are the reasons for a large portion of the increase. Both Police and Fire unions had PA 312 settlements.

The fund balance of the General Fund decreased by \$2,921,483, to end the year with \$6,885,415. Of this amount, \$164,319 is reserved for inventory, \$1,488,000 is designated for subsequent year's expenditures and \$5,233,096 is unreserved and undesignated. The \$5,233,096 represents 14 percent of total general fund expenditures, while total fund balance represents 18 percent of general fund expenditures. The City's Fund Balance 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.

Such use of fund balance is not sustainable in fact the budget forecast estimates negative fund balance beginning in FY2012/13 and each year thereafter. Additionally, estimates provide that more than \$1.5 million is needed to pay vacation/sick bank payouts for General Funds employees eligible to retire in the next two years.

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. The City levied 3.0129 mills to generate \$6,939,360 in tax revenue. Fund balance increased by \$1,263,444 in the Solid Waste fund, adding to its comfortable fund balance. Revenues and expenditures are budgeted to be nearly equal in FY2010/11, however significant use of fund balance is forecasted to begin in FY2011/12 and each year forecasted thereafter.

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 balances in Major Streets decreased by \$37,918 and Local Streets decreased by \$509,424. In FY2010/11, use of fund balance is budgeted at over \$700,000 in the Major Street Fund and over \$1,000,000 in the Local Streets Fund and continuing use of fund balance each year thereafter in the forecast.

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. Although revenues from SMART were higher in FY2009/10, the fund balance decreased \$14,787, leaving a fund balance of \$852,511. Over the next three budgets, fund balance is forecasted to be completely eliminated in order to shore-up operating expenditures.

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 increased by \$72,623, leaving a fund balance of \$754,325. The budget forecast estimates that the Library Fund will completely utilize its fund balance during FY2012/13.

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 began the year with a negative fund balance. A deficit elimination plan utilizing \$582,000 from the General Fund was submitted to the State. Expenditures exceeded revenues this year by \$164,570, leaving an ending fund balance of \$252,728. The department was downsized for FY2010/11 and is forecasted to breakeven the next four years.

The *ROOTS Fund* (formerly called the Acorn Fund) accounts for the receipt and use of donations to the City to be used for a public purpose. The fund realized an increase of \$66,620 to its fund balance, providing a 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 decreased by \$105,239, leaving a fund balance of \$494,361.

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's* operating revenue exceeded operating expenses by \$3,209,691, however interest expense and the net effect of transfers in and out created only a positive change in net assets of \$167,420.

The *Auto Parking Fund* had operating revenue exceed operating expenses by \$235,009, however interest expense and transfers out created a negative change in net assets of \$484,466.

The *Recreation Fund* experienced an operating loss of \$72,618. A transfer from the General Fund in the amount of \$143,000 was provided this fiscal year. The budget forecast estimates this fund will break even each of the next four years.

The *Farmers Market* experienced an operating loss of \$24,129 and an overall loss of \$7,600 after grant revenue and interest income. The budget forecast estimates this fund breaking even each of the four years.

The *Ice Arena Fund* earned operating income in the amount of \$78,247. After interest expense and transfers out, change in net assets increased \$24,706.

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 experienced net operating income of \$69,897 and a positive change in net assets of the same.

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. The situation was corrected 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. This fund had an operating loss of \$21,277 and a negative change in net assets of \$206,538 due to interest expense and transfers out.

The *Workers Compensation Fund* charges other funds a premium used to pay workers compensation claims. The Workers Compensation Fund had a positive change in net assets of \$120,609.

The *Medical Self-Insurance Fund* was recently established as the City’s Blue Cross Blue Shield healthcare program changed to being self-insured as of April 1, 2010. This fund experienced operating income of \$338,868.

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 Care Fund, which accounts for other post-employment benefits (OPEB), contributions are invested and used to pay health and dental benefits for retirees and their eligible dependents in addition to costs to administer the plan.

The City 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 an Other Employee Benefits Trust Fund. Expenditures for retiree health care were charged to the fund. The City chose to utilize the Municipal Employees Retirement System of Michigan (MERS) Retiree Health Care Funding Vehicle rather than

set up its own trust for OPEB. Excess monies rest in the MERS' trust. The City used a contribution rate from a June 30, 2008 actuarial valuation for the FY2009/10. Net assets for these trusts improved by \$6,815,462 due to investment gains.

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 and 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 (TIFA)*, the *Downtown Development Authority (DDA)*, the *Brownfield Redevelopment Authority* and the *Housing Commission*. The TIFA's expenditures exceeded revenues by \$284,618 causing a reduced fund balance of \$328,286 at year-end. The DDA expenditures exceeded revenues by \$5,440 leaving a negative fund balance. The Brownfield Redevelopment Funds did not have expenditures so therefore added \$21,298 to its fund balance. The Housing Commission Fund utilized \$37,411 of fund balance leaving \$213,930 in the fund.

The American Recovery and Reinvestment Act of 2009: The City was awarded numerous grants and took advantage of the grants during FY2009/10. The City is eligible to receive \$558,226 of HUD Homeless Prevention & Rapid Re-Housing Program (HPRP) funds from the Recovery Act. In FY2009/10, the City was able to assist residents by utilizing \$136,818 of the award as the balance is carried over to FY2010/11. A new program resulting from the enactment of the Recovery Act called the Energy Efficiency and Conservation Block Grant (EECBG) program funds resulted in an award to the City of \$543,400, \$3,350 was expended this fiscal year and the balance was re-appropriated in FY2010/11.

City-Wide

Major labor contract settlements occurred with the Fire Fighters and Police Command Unions in FY2009/10. During FY2009/10 and early FY2010/11, the City received wage and benefit concessions from the Executive Directors, Professional/Technical Union and the AFSCME Union. Concession discussions with the Department Head Union, and SEIU are currently ongoing.

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, 2009. 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 hope to receive the award for FY2009/10. We hope this comprehensive report assists its readers in understanding the City's financial status.

The preparation of this report was made possible by the dedicated public service contributed by Anthony DeCamp, the City's Controller, and the balance of the Finance Department.

Respectfully submitted,



Julie Jenuwine Rudd
Director of Finance

Approved,



Donald E. Johnson
City Manager

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, 2010. 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 \$222,718,382 (*net assets*). Of this amount, \$21,645,711 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$2,119,144 as compared to a \$5,989,432 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 \$22,512,423. Approximately 99 percent of this total amount, \$22,347,104 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 \$5,233,096, or 14 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 three other major funds. Data from the other twelve 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 budget in accordance with the appropriation act 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 15-21 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, its information systems management, its self-insured workers compensation, and its healthcare self-insurance. 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 22-24 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 25-26 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 29-57 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 60-79 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 80-86 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 \$222,718,382 at the close of the most recent fiscal year.

By far the largest portion of the City of Royal Oak's net assets (84 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 (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$21,645,711) may be used to meet the government's ongoing obligations to citizens and creditors, a decrease of \$8,286,143 from 2009.

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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$42,341,217	\$43,041,578	\$18,960,339	\$22,495,830	\$61,301,556	\$65,537,408
Capital assets	140,039,609	139,005,387	117,331,527	116,414,731	257,371,136	255,420,118
Total assets	182,380,826	182,046,965	136,291,866	138,910,561	318,672,692	320,957,526
Long-term liabilities outstanding	26,400,649	24,015,249	58,000,767	60,333,648	84,401,416	84,348,897
Other liabilities	9,760,625	9,833,139	1,792,269	1,937,964	11,552,894	11,771,103
Total liabilities	36,161,274	33,848,388	59,793,036	62,271,612	95,954,310	96,120,000
Net assets:						
Invested in capital assets, net of related debt	121,736,526	119,486,155	64,238,153	61,051,630	185,974,679	180,537,785
Restricted	15,097,992	14,365,234	-	2,653	15,097,992	14,367,887
Unrestricted	9,385,034	14,347,188	12,260,677	15,584,666	21,645,711	29,931,854
Total net assets	\$146,219,552	\$148,198,577	\$76,498,830	\$76,638,949	\$222,718,382	\$224,837,526

The City's net assets decreased by \$2,119,144 during the current fiscal year as compared to a \$5,989,432 increase in the previous year.

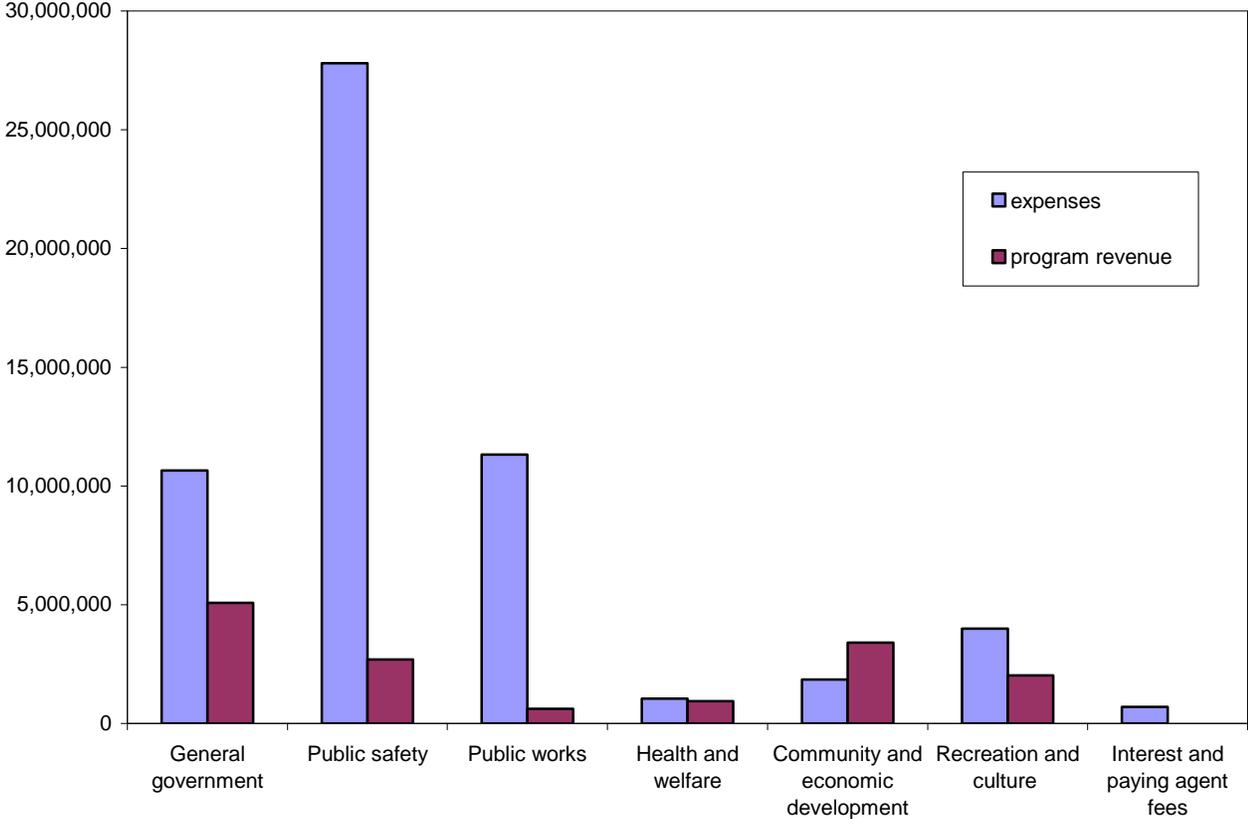
Governmental Activities. Governmental activities decreased the City of Royal Oak’s net assets by \$1,979,025 as compared to a \$780,509 increase in the previous year, a difference of \$2,759,534 between the two years. This difference is due to \$742,859 less in revenue and an increase of expenses in the amount of \$3,925,231.

Business-Type Activities. Business-type activities decreased the City of Royal Oak’s net assets by \$140,119 as compared to a \$5,208,923 increase in the previous year, a difference of \$5,349,042. Again, this difference is largely due to a decrease in revenue of \$770,910 and an increase of \$2,669,576 in expenses.

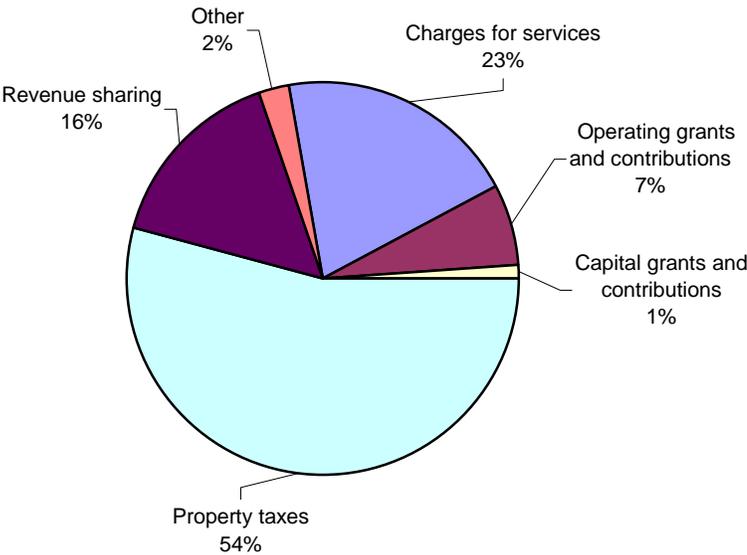
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 10,540,681	\$ 10,363,523	\$ 26,177,230	\$ 24,653,024	\$ 36,717,911	\$ 35,016,547
Operating grants and contributions	3,576,342	3,186,231	617,778	6,870	4,194,120	3,193,101
Capital grants and contributions	626,971	873,030	70,713	2,753,092	697,684	3,626,122
General revenue						
Property taxes	28,573,797	27,744,049			28,573,797	27,744,049
Grants and contributions not restricted to specific programs	8,228,312	8,873,213			8,228,312	8,873,213
Other	1,312,160	2,561,076	507,258	730,903	1,819,418	3,291,979
Total revenue	52,858,263	53,601,122	27,372,979	28,143,889	80,231,242	81,745,011
Expenses:						
General government	10,658,475	9,178,697			10,658,475	9,178,697
Public safety	27,808,076	25,340,432			27,808,076	25,340,432
Public works	11,323,281	12,008,559			11,323,281	12,008,559
Health and welfare	1,045,227	720,452			1,045,227	720,452
Community and economic development	1,855,557	1,382,073			1,855,557	1,382,073
Recreation and culture	3,988,900	4,101,371			3,988,900	4,101,371
Interest and paying agent fees	697,975	720,676			697,975	720,676
Water & sewer			19,727,621	17,426,976	19,727,621	17,426,976
Parking			3,105,564	2,665,056	3,105,564	2,665,056
Recreation			1,788,792	1,866,341	1,788,792	1,866,341
Farmers market			350,918	344,946	350,918	344,946
Total expenses	57,377,491	53,452,260	24,972,895	22,303,319	82,350,386	75,755,579
Increase (decrease) in net assets before transfers	(4,519,228)	148,862	2,400,084	5,840,570	(2,119,144)	5,989,432
Transfers	2,540,203	631,647	(2,540,203)	(631,647)	-	-
Increase (decrease) in net assets	(1,979,025)	780,509	(140,119)	5,208,923	(2,119,144)	5,989,432
Net assets - beginning	148,198,577	147,418,068	76,638,949	71,430,026	224,837,526	218,848,094
Net assets - ending	\$ 146,219,552	\$ 148,198,577	\$ 76,498,830	\$ 76,638,949	\$ 222,718,382	\$ 224,837,526

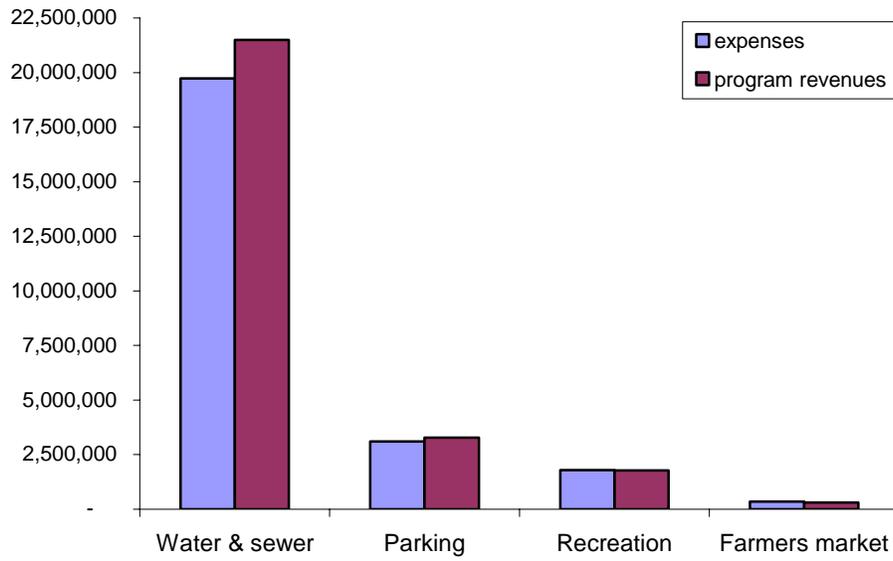
Expenses and Program Revenues – Governmental Activities



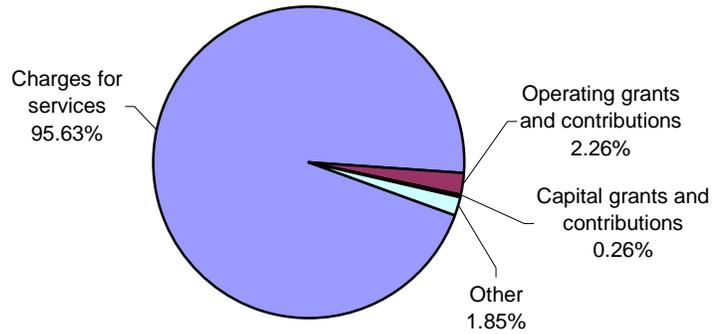
Revenues by Source – Governmental Activities



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 \$22,512,423, a decrease of \$1,694,015 in comparison with the prior year. Approximately 82 percent (\$18,500,724) of this total amount constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion, within allowable use. 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 (\$164,319), for an endowment (\$1,000) and to cover designated amounts for the subsequent year's expenditures (\$3,846,380).

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 \$5,233,096, while total fund balance was \$6,885,415. 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 14 percent of total general fund expenditures, while total fund balance represents 19 percent of that same amount.

The fund balance of the City of Royal Oak's General Fund decreased by \$2,921,483 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 from the budgeted estimates.

The Solid Waste Fund has a total fund balance of \$5,694,131, all of which is unreserved and undesignated. The net increase in fund balance during the current year in the solid waste fund was \$1,263,444, 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 \$5,698,578. The total increase in net assets for Water and Sewer was \$167,420, as compared to a \$3,414,464 increase in the previous year.

Unrestricted net assets for the Automobile Parking System Fund amounted to \$6,203,901. The total decrease in net assets for the Automobile Parking System Fund was \$484,466.

General Fund Budgetary Highlights

Expenditures in the General Fund were roughly \$1,070,000 less than the amended budget, which was mainly a result of lower personnel costs due to fewer vacation and sick bank payouts eliminated positions. In addition, the General Fund's revenue was greater by about \$600,000 due to cable franchise fees, parking violations, insurance settlements, parking, and probation court 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, 2010, amounts to \$257,371,136 (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 less than 1 percent (a less than 1 percent increase for governmental activities and a less than 1 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	
	2010	2009	2010	2009	2010	2009
Land	\$66,774,752	\$66,774,752	\$9,992,579	\$9,992,579	\$76,767,331	\$76,767,331
Buildings	19,194,897	19,819,068	20,126,054	19,532,917	39,320,951	39,351,985
Improvements other than buildings	646,941	747,865	96,219	106,815	743,160	854,680
Machinery and equipment	7,136,305	7,991,278	269,249	324,283	7,405,554	8,315,561
Infrastructure	39,159,834	35,109,105	80,783,376	79,237,033	119,943,210	114,346,138
Intangibles	22,181	23,992	-	-	22,181	23,992
Construction in progress	7,104,699	8,539,327	6,064,050	7,221,105	13,168,749	15,760,432
Total	\$140,039,609	\$139,005,387	\$117,331,527	\$116,414,732	\$257,371,136	\$255,420,119

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 \$84,401,416. Of this amount, \$32,325,000 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 \$6,315,000 of unlimited general obligation debt. Another \$8,287,387 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 \$4,068,342 with the remainder being paid from receipts of the other five communities. Another \$29,280,006 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	
	2010	2009	2010	2009	2010	2009
Limited general obligation bonds	\$12,295,000	\$13,150,000	\$20,030,000	\$21,185,000	\$32,325,000	\$34,335,000
Unlimited general obligation bonds	6,315,000	6,700,000	-	-	6,315,000	6,700,000
State Revolving Fund	-	-	8,287,387	8,947,387	8,287,387	8,947,387
Contractual obligations	-	-	29,280,006	30,149,462	29,280,006	30,149,462
Compensated absences	3,900,785	3,979,016	346,526	365,714	4,247,311	4,344,730
OPEB Liability	2,554,680	-	282,259	-	2,836,939	-
General liability claims	1,642,100	517,000	118,100	53,500	1,760,200	570,500
less: unamortized discount and deferred loss	(306,916)	(330,766)	(343,511)	(367,415)	(650,427)	(698,181)
Total	\$26,400,649	\$24,015,250	\$58,000,767	\$60,333,648	\$84,401,416	\$84,348,898

The City of Royal Oak's total debt increased by \$52,518 (less than 1 percent) during the current fiscal year, mostly due to the net effect of reductions in principal of general obligation bonds and an increase in OPEB and general liabilities.

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 \$2,464,519,820; therefore the current debt limitation for the City of Royal Oak is \$246,451,982 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 decreased to \$5,233,096. The budget plan, as approved for the fiscal year 2010-2011, 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 \$1,300,000 from the Automobile Parking System fund and the planned use of fund balance of \$1,488,000 in the General Fund.

The Water and Sewer rate calculation method was changed to a graduated system for the 2007/08 budget year. For 2010-2011, the quarterly water and sewer rates are \$92 per 1,000 cubic feet for the first 2,000 cubic feet and \$104 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, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 32,665,958	\$ 5,221,580	\$ 37,887,538	\$ 508,765
Receivables, net of uncollectibles	9,381,292	12,469,894	21,851,186	57,868
Deposits and other assets	326,243	676,862	1,003,105	95,755
Due from component units	4,596	-	4,596	-
Internal balances	(393,973)	393,973	-	-
Inventories	356,101	198,030	554,131	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets, not being depreciated	73,879,451	16,056,629	89,936,080	2,895,755
Capital assets, being depreciated, net	66,160,158	101,274,898	167,435,056	1,591,996
Total assets	<u>182,380,826</u>	<u>136,291,866</u>	<u>318,672,692</u>	<u>5,150,139</u>
LIABILITIES				
Accounts payable	1,069,598	1,206,253	2,275,851	35,576
Accrued and other liabilities	3,270,225	573,925	3,844,150	28,741
Due to primary government	-	-	-	4,596
Cash bonds and deposits	1,644,177	12,091	1,656,268	-
Unearned revenue	3,776,625	-	3,776,625	-
Noncurrent liabilities:				
Due within one year	3,189,000	3,887,001	7,076,001	19,000
Due in more than one year	23,211,649	54,113,766	77,325,415	44,513
Total liabilities	<u>36,161,274</u>	<u>59,793,036</u>	<u>95,954,310</u>	<u>132,426</u>
NET ASSETS				
Invested in capital assets, net of related debt	121,736,526	64,238,153	185,974,679	4,487,751
Restricted for:				
Highways and streets	7,009,420	-	7,009,420	-
Solid waste	5,694,131	-	5,694,131	-
Recreation and culture	1,889,156	-	1,889,156	-
Grants	494,361	-	494,361	-
Permanent fund:				
Expendable	9,924	-	9,924	-
Non-expendable	1,000	-	1,000	-
Unrestricted	9,385,034	12,260,677	21,645,711	529,962
Total net assets	<u>\$ 146,219,552</u>	<u>\$ 76,498,830</u>	<u>\$ 222,718,382</u>	<u>\$ 5,017,713</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, 2010

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			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 10,658,475	\$ 4,985,949	\$ 91,448	\$ -	\$ (5,581,078)		\$ (5,581,078)	
Public safety	27,808,076	2,376,002	319,528	-	(25,112,546)		(25,112,546)	
Public works	11,323,281	458,669	17,312	143,776	(10,703,524)		(10,703,524)	
Health and welfare	1,045,227	934,114	-	-	(111,113)		(111,113)	
Community and economic development	1,855,557	226,376	2,690,367	483,195	1,544,381		1,544,381	
Recreation and culture	3,988,900	1,559,571	457,687	-	(1,971,642)		(1,971,642)	
Interest and paying agent fees	697,975	-	-	-	(697,975)		(697,975)	
Total governmental activities	57,377,491	10,540,681	3,576,342	626,971	(42,633,497)		(42,633,497)	
Business-type activities:								
Water & sewer	19,727,621	21,429,384	-	70,713		\$ 1,772,476	1,772,476	
Parking	3,105,564	2,659,002	614,038	-		167,476	167,476	
Recreation	1,788,792	1,779,515	-	-		(9,277)	(9,277)	
Farmers Market	350,918	309,329	3,740	-		(37,849)	(37,849)	
Total business-type activities	24,972,895	26,177,230	617,778	70,713		1,892,826	1,892,826	
Total primary government	\$ 82,350,386	\$ 36,717,911	\$ 4,194,120	\$ 697,684				
Component units:								
Tax Increment Financing Authority	\$ 2,985,351	\$ -	\$ 19,199	\$ -				\$ (2,966,152)
Downtown Development Authority	58,276	-	-	-				(58,276)
Housing Commission	1,361,649	-	1,311,974	-				(49,675)
Total component units	\$ 4,405,276	\$ -	\$ 1,331,173	\$ -				(3,074,103)
General revenues:								
Property taxes					28,573,797	-	28,573,797	2,800,797
State-shared revenues					8,228,312	-	8,228,312	-
Unrestricted investment earnings					449,343	228,934	678,277	16,107
Miscellaneous					862,817	278,324	1,141,141	23,314
Transfers					2,540,203	(2,540,203)	-	-
Total general revenues and transfers					40,654,472	(2,032,945)	38,621,527	2,840,218
Change in net assets					(1,979,025)	(140,119)	(2,119,144)	(233,885)
Net assets - beginning					148,198,577	76,638,949	224,837,526	5,251,598
Net assets - ending					\$ 146,219,552	\$ 76,498,830	\$ 222,718,382	\$ 5,017,713

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

City of Royal Oak, Michigan
Balance Sheet
Governmental Funds
June 30, 2010

	General	Solid Waste	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,578,507	\$ 5,869,371	\$ -	\$ 9,776,281	\$ 21,224,159
Receivables, net of uncollectibles	2,969,531	53,824	3,698,510	1,059,539	7,781,404
Deposits and other assets	-	-	124,857	-	124,857
Due from other governmental units	808,197	-	196,543	582,081	1,586,821
Due from other funds	1,178,071	-	-	-	1,178,071
Due from component units	4,596	-	-	-	4,596
Inventories	164,319	-	-	-	164,319
Restricted assets, cash	-	-	-	1,000	1,000
Total assets	<u>\$ 10,703,221</u>	<u>\$ 5,923,195</u>	<u>\$ 4,019,910</u>	<u>\$ 11,418,901</u>	<u>\$ 32,065,227</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 479,673	\$ 160,417	\$ 152,036	\$ 168,372	\$ 960,498
Accrued and other liabilities	1,551,429	20,008	18,927	316,170	1,906,534
Due to other funds	-	-	140,862	-	140,862
Cash bonds and deposits	1,634,036	-	-	10,141	1,644,177
Deferred revenue	152,668	48,639	3,708,085	991,341	4,900,733
Total liabilities	<u>3,817,806</u>	<u>229,064</u>	<u>4,019,910</u>	<u>1,486,024</u>	<u>9,552,804</u>
Fund balances:					
Reserved for inventories	164,319	-	-	-	164,319
Reserved for endowment	-	-	-	1,000	1,000
Unreserved, designated for subsequent year's expenditures	1,488,000	-	-	-	1,488,000
Unreserved, designated for subsequent year's expenditures, reported in nonmajor special revenue funds	-	-	-	2,358,380	2,358,380
Unreserved, undesignated	5,233,096	5,694,131	-	-	10,927,227
Unreserved, undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	7,287,285	7,287,285
Debt service fund	-	-	-	30,222	30,222
Capital projects funds	-	-	-	246,066	246,066
Permanent fund	-	-	-	9,924	9,924
Total fund balances	<u>6,885,415</u>	<u>5,694,131</u>	<u>-</u>	<u>9,932,877</u>	<u>22,512,423</u>
Total liabilities and fund balances	<u>\$ 10,703,221</u>	<u>\$ 5,923,195</u>	<u>\$ 4,019,910</u>	<u>\$ 11,418,901</u>	<u>\$ 32,065,227</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, 2010

Total fund balances for governmental funds		\$ 22,512,423
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.		134,165,915
- 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	11,492,891	
Less: Internal payable representing charges in excess of cost to business-type activities	<u>(393,973)</u>	
		11,098,918
- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,124,108
- 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, 2010 are:		
Accrued interest on bonds		(156,701)
Bonds payable	(15,205,000)	
Unamortized discounts	218,070	
Unamortized issuance costs	164,160	
Deferred loss	82,060	
General liability claims	(1,642,100)	
OPEB Liability	(2,404,280)	
Compensated absences	<u>(3,738,021)</u>	
Total long-term liabilities		<u>(22,525,111)</u>
Total net assets of governmental activities		<u>\$ 146,219,552</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 Balances
Governmental Funds
For the Year Ended June 30, 2010

	General	Solid Waste	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 18,363,827	\$ 6,939,360	\$ -	\$ 2,944,421	\$ 28,247,608
Licenses and permits	1,439,132	-	-	1,487,426	2,926,558
Federal grants	-	-	1,325,218	504,981	1,830,199
State grants	4,765,701	-	-	3,910,525	8,676,226
Charges for services	3,145,509	8,199	226,376	308,167	3,688,251
Fines and forfeitures	3,736,362	-	-	193,397	3,929,759
Interest and rentals	524,794	21,942	-	128,921	675,657
Contributions and donations	375,000	-	-	1,361,650	1,736,650
Other revenue	783,052	10,455	5,341	63,969	862,817
Total revenues	<u>33,133,377</u>	<u>6,979,956</u>	<u>1,556,935</u>	<u>10,903,457</u>	<u>52,573,725</u>
EXPENDITURES					
Current:					
General government	8,860,259	-	-	64,873	8,925,132
Public safety	24,655,151	-	-	1,969,365	26,624,516
Public works	978,480	5,713,893	-	7,180,632	13,873,005
Health and welfare	688,640	-	-	-	688,640
Community and economic development	166,594	-	1,225,774	472,453	1,864,821
Recreation and culture	1,120,707	-	-	2,549,997	3,670,704
Debt service:					
Principal payments	-	-	-	910,000	910,000
Interest and paying agent fees	-	-	-	689,500	689,500
Total expenditures	<u>36,469,831</u>	<u>5,713,893</u>	<u>1,225,774</u>	<u>13,836,820</u>	<u>57,246,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,336,454)</u>	<u>1,266,063</u>	<u>331,161</u>	<u>(2,933,363)</u>	<u>(4,672,593)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,139,971	-	-	8,110,230	9,250,201
Transfers out	(725,000)	(2,619)	(331,161)	(5,212,843)	(6,271,623)
Total other financing sources (uses)	<u>414,971</u>	<u>(2,619)</u>	<u>(331,161)</u>	<u>2,897,387</u>	<u>2,978,578</u>
Net change in fund balances	(2,921,483)	1,263,444	-	(35,976)	(1,694,015)
Fund balances - beginning	9,806,898	4,430,687	-	9,968,853	24,206,438
Fund balances - ending	<u>\$ 6,885,415</u>	<u>\$ 5,694,131</u>	<u>\$ -</u>	<u>\$ 9,932,877</u>	<u>\$ 22,512,423</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, 2010

Net change in fund balances - total governmental funds \$ (1,694,015)

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 (\$4,150,613), exceeded depreciation (\$2,412,421) in the current period. 1,738,192

- Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt). 910,000

- 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.

Accrued interest on bonds	8,690	
Amortization of bond discount	(17,165)	
Amortization of bond issuance costs	(13,212)	
Amortization of deferred loss	(5,932)	
General liability claims	(1,125,100)	
OPEB Liability	(2,404,280)	
Compensated absences	64,211	
Combined adjustment		(3,492,788)

- Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. 326,189

- 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	322,836	
Less: Profit from charges to business-type activities	(89,439)	
		233,397

Change in net assets of governmental activities \$ (1,979,025)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 18,340,184	\$ 18,282,004	\$ 18,363,827	\$ 81,823
Licenses and permits	1,081,800	1,356,800	1,439,132	82,332
State grants	5,034,865	4,591,495	4,765,701	174,206
Charges for services	3,001,451	3,081,351	3,145,509	64,158
Fines and forfeitures	3,772,000	3,622,000	3,736,362	114,362
Interest and rentals	764,037	484,037	524,794	40,757
Contributions and donations	376,491	376,491	375,000	(1,491)
Other revenue	802,500	734,500	783,052	48,552
Total revenues	<u>33,173,328</u>	<u>32,528,678</u>	<u>33,133,377</u>	<u>604,699</u>
EXPENDITURES				
General government	9,314,655	9,205,075	8,860,259	(344,816)
Public safety	23,192,018	25,119,788	24,655,151	(464,637)
Public works	1,359,224	1,047,214	978,480	(68,734)
Health and welfare	537,493	817,023	688,640	(128,383)
Community and economic development	218,936	215,646	166,594	(49,052)
Recreation and culture	1,028,155	1,139,055	1,120,707	(18,348)
Total expenditures	<u>35,650,481</u>	<u>37,543,801</u>	<u>36,469,831</u>	<u>(1,073,970)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,477,153)</u>	<u>(5,015,123)</u>	<u>(3,336,454)</u>	<u>1,678,669</u>
OTHER FINANCING SOURCES				
Transfers in	1,125,000	1,125,000	1,139,971	14,971
Transfers out	-	(725,000)	(725,000)	-
Total other financing sources	<u>1,125,000</u>	<u>400,000</u>	<u>414,971</u>	<u>14,971</u>
Net change in fund balance	<u>\$ (1,352,153)</u>	<u>\$ (4,615,123)</u>	<u>(2,921,483)</u>	<u>\$ 1,693,640</u>
Fund balance - beginning			<u>9,806,898</u>	
Fund balance - ending			<u>\$ 6,885,415</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 6,975,456	\$ 6,931,996	\$ 6,939,360	\$ 7,364
Charges for services	5,000	5,000	8,199	3,199
Interest	60,000	8,000	21,942	13,942
Other revenue	8,000	8,000	10,455	2,455
Total revenues	7,048,456	6,952,996	6,979,956	26,960
EXPENDITURES				
Public works	6,522,284	5,885,224	5,713,893	(171,331)
Excess of revenues over expenditures	526,172	1,067,772	1,266,063	198,291
OTHER FINANCING USES				
Transfers out	(2,500)	(2,620)	(2,619)	(1)
Net change in fund balance	\$ 523,672	\$ 1,065,152	1,263,444	\$ 198,292
Fund balance - beginning			4,430,687	
Fund balance - ending			\$ 5,694,131	

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
Community Development Block Grant Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Federal grants	\$ 1,365,350	\$ 1,369,810	\$ 1,325,218	\$ (44,592)
Charges for services	200,000	200,000	226,376	26,376
Other revenue	6,000	6,000	5,341	(659)
Total revenues	1,571,350	1,575,810	1,556,935	(18,875)
EXPENDITURES				
Community and economic development	1,368,359	1,360,704	1,225,774	(134,930)
Excess of revenues over expenditures	202,991	215,106	331,161	116,055
OTHER FINANCING USES				
Transfers out	(461,363)	(247,888)	(331,161)	(83,273)
Net change in fund balance	<u>\$ (258,372)</u>	<u>\$ (32,782)</u>	-	<u>\$ 32,782</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ -</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, 2010

	Business Type Activities - Enterprise Funds			Governmental	
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Internal Service Funds	
			Total		
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 6,093,476	\$ 165,313	\$ 6,258,789	\$ 10,404,590
Receivables, net of uncollectibles	6,660,379	12,345	74,839	6,747,563	13,067
Deposits and other assets	230,501	442,386	3,975	676,862	37,226
Inventories	192,048	5,982	-	198,030	191,782
Total current assets	7,082,928	6,554,189	244,127	13,881,244	10,646,665
Noncurrent assets:					
Receivables, net of uncollectibles	4,219,508	-	-	4,219,508	-
Due from other governmental units	1,502,823	-	-	1,502,823	-
Capital assets	113,308,908	31,113,798	12,227,056	156,649,762	17,079,742
Accumulated depreciation	(26,977,124)	(8,499,794)	(3,841,317)	(39,318,235)	(11,206,048)
Capital assets, net	86,331,784	22,614,004	8,385,739	117,331,527	5,873,694
Total noncurrent assets	92,054,115	22,614,004	8,385,739	123,053,858	5,873,694
Total assets	99,137,043	29,168,193	8,629,866	136,935,102	16,520,359
LIABILITIES					
Current liabilities:					
Accounts payable	1,042,041	76,227	87,985	1,206,253	109,100
Accrued and other liabilities	386,330	157,403	30,192	573,925	1,206,990
Due to other funds	940,169	-	97,040	1,037,209	-
Cash bonds and deposits	200	11,891	-	12,091	-
Compensated absences, current	107,160	22,842	10,998	141,000	56,406
Long-term debt, due within one year	2,806,334	601,000	338,667	3,746,001	330,000
Total current liabilities	5,282,234	869,363	564,882	6,716,479	1,702,496
Noncurrent liabilities:					
Accrued compensated absences	156,091	33,442	15,993	205,526	106,358
Other long-term liabilities	255,182	48,483	37,694	341,359	150,400
Bonds payable	41,582,002	11,984,879	-	53,566,881	3,068,214
Total noncurrent liabilities	41,993,275	12,066,804	53,687	54,113,766	3,324,972
Total liabilities	47,275,509	12,936,167	618,569	60,830,245	5,027,468
NET ASSETS					
Invested in capital assets, net of related debt	46,162,956	10,028,125	8,047,072	64,238,153	2,475,480
Unrestricted	5,698,578	6,203,901	(35,775)	11,866,704	9,017,411
Total net assets	\$ 51,861,534	\$ 16,232,026	\$ 8,011,297	76,104,857	\$ 11,492,891

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.

	393,973
Net assets of business-type activities	<u>\$ 76,498,830</u>

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, 2010

	Business Type Activities - Enterprise Funds				Governmental
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 21,429,384	\$ 2,659,002	\$ 2,088,844	\$ 26,177,230	\$ 8,251,490
Other	322,068	8,933	21,776	352,777	33,881
Total operating revenues	<u>21,751,452</u>	<u>2,667,935</u>	<u>2,110,620</u>	<u>26,530,007</u>	<u>8,285,371</u>
OPERATING EXPENSES					
Salaries and benefits	2,734,310	670,441	441,062	3,845,813	4,605,964
Supplies	206,415	79,921	68,973	355,309	825,924
Water purchases	3,799,616	-	-	3,799,616	-
Sewage disposal services	7,571,090	-	-	7,571,090	-
Other services and charges	1,790,165	1,092,623	1,321,642	4,204,430	777,182
Depreciation	2,440,165	589,941	293,703	3,323,809	1,218,204
Total operating expenses	<u>18,541,761</u>	<u>2,432,926</u>	<u>2,125,380</u>	<u>23,100,067</u>	<u>7,427,274</u>
Operating income (loss)	<u>3,209,691</u>	<u>235,009</u>	<u>(14,760)</u>	<u>3,429,940</u>	<u>858,097</u>
NONOPERATING REVENUES (EXPENSES)					
Federal grants	-	-	-	-	-
Interest income	31,608	184,097	13,229	228,934	-
Contributions and donations	-	614,038	-	614,038	-
Interest expense	(1,253,064)	(685,928)	(23,275)	(1,962,267)	(155,678)
Gain on sale of capital assets	-	-	-	-	58,792
Total nonoperating revenues (expenses)	<u>(1,221,456)</u>	<u>112,207</u>	<u>(10,046)</u>	<u>(1,119,295)</u>	<u>(96,886)</u>
Income (loss) before transfers	<u>1,988,235</u>	<u>347,216</u>	<u>(24,806)</u>	<u>2,310,645</u>	<u>761,211</u>
TRANSFERS IN	2,942,105	-	143,000	3,085,105	-
TRANSFERS OUT	<u>(4,762,920)</u>	<u>(831,682)</u>	<u>(30,706)</u>	<u>(5,625,308)</u>	<u>(438,375)</u>
Change in net assets	167,420	(484,466)	87,488	(229,558)	322,836
Total net assets - beginning	<u>51,694,114</u>	<u>16,716,492</u>	<u>7,923,809</u>		<u>11,170,055</u>
Total net assets - ending	<u>\$ 51,861,534</u>	<u>\$ 16,232,026</u>	<u>\$ 8,011,297</u>		<u>\$ 11,492,891</u>

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.

	89,439
Change in net assets of business-type activities	<u>\$ (140,119)</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, 2010

	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	\$ 20,520,729	\$ 2,680,451	\$ 2,107,490	\$ 25,308,670	\$ 122,123
Internal activity - receipts from other funds	-	-	16,122	16,122	8,129,367
Other operating receipts	322,068	8,933	-	331,001	31,794
Payments to vendors	(10,874,735)	(972,451)	(1,331,241)	(13,178,427)	(3,544,737)
Payments to employees	(1,374,820)	(374,547)	(264,631)	(2,013,998)	(908,968)
Payments of benefits on behalf of employees	(1,305,715)	(279,914)	(181,444)	(1,767,073)	(1,194,865)
Internal activity - payments to other funds	(1,372,591)	(165,211)	(108,028)	(1,645,830)	(208,232)
Net cash provided by operating activities	5,914,936	897,261	238,268	7,050,465	2,426,482
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant proceeds	-	-	-	-	-
Transfers from other funds	2,942,105	-	143,000	3,085,105	-
Transfers to other funds	(4,762,920)	(831,682)	(30,706)	(5,625,308)	(438,375)
Net cash provided by (used in) noncapital financing activities	(1,820,815)	(831,682)	112,294	(2,540,203)	(438,375)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(3,762,150)	(45,497)	(432,958)	(4,240,605)	(514,234)
Principal paid on capital debt	(2,681,982)	(575,000)	(315,000)	(3,571,982)	(330,000)
Interest paid on capital debt	(1,246,379)	(672,209)	(19,775)	(1,938,363)	(154,924)
Contributions and donations used for debt service	-	614,038	-	614,038	-
Proceeds from sale of capital assets	-	-	-	-	58,792
Proceeds from issuance of bonds	887,526	-	-	887,526	-
Net cash provided by (used in) capital and related financing activities	(6,802,985)	(678,668)	(767,733)	(8,249,386)	(940,366)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	31,608	184,097	13,229	228,934	-
Net increase (decrease) in cash and cash equivalents	(2,677,256)	(428,992)	(403,942)	(3,510,190)	1,047,741
Cash and investments balances - beginning	2,677,256	6,522,468	569,255	9,768,979	9,356,849
Cash and investments balances - ending	\$ -	\$ 6,093,476	\$ 165,313	\$ 6,258,789	\$ 10,404,590
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 3,209,691	\$ 235,009	\$ (14,760)	\$ 3,429,940	\$ 858,097
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,440,165	589,941	293,703	3,323,809	1,218,204
Changes in assets and liabilities:					
Receivables	(906,913)	(7,172)	(3,130)	(917,215)	(2,087)
Deposits and other assets	12,763	27,521	-	40,284	5,243
Inventories	(32,671)	(4,097)	-	(36,768)	8,689
Accounts payable	37,916	3,978	(161,033)	(119,139)	(86,974)
Accrued and other liabilities	(18,931)	(3,707)	717	(21,921)	288,930
Due to other funds	940,169	-	97,040	1,037,209	-
Cash bonds and deposits	(5,735)	1,100	-	(4,635)	-
Accrued compensated absences	(12,130)	5,505	(12,563)	(19,188)	(14,020)
Long-term receivable	(8,770)	-	-	(8,770)	-
Decrease in other long-term liabilities	259,382	49,183	38,294	346,859	150,400
Net cash provided by operating activities	\$ 5,914,936	\$ 897,261	\$ 238,268	\$ 7,050,465	\$ 2,426,482

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

City of Royal Oak, Michigan
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ -	\$ 473,669
Receivables, net of uncollectibles	317,981	-
Retirement investments, at fair value		
U.S. government obligations	17,775,555	-
Municipal bonds	6,811,623	
Corporate bonds	15,467,520	-
Equities	74,833,312	-
Other investments	4,002,088	-
Total investments	<u>118,890,098</u>	<u>-</u>
Total assets	<u>119,208,079</u>	<u>\$ 473,669</u>
LIABILITIES		
Accounts payable	2,676,521	\$ -
Accrued and other liabilities	8,298	-
Due to other governmental units	-	75,823
Cash bonds and deposits	-	397,846
Total liabilities	<u>2,684,819</u>	<u>\$ 473,669</u>
NET ASSETS		
Held in trust for pension and other employee benefits	<u>\$ 116,523,260</u>	

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, 2010

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total
ASSETS					
Current assets:					
Cash and investments	\$ 363,011	\$ -	\$ 39,507	\$ 106,247	\$ 508,765
Receivables, net of uncollectibles	55,468	2,400	-	-	57,868
Deposits and other assets	-	-	-	95,755	95,755
Total current assets	<u>418,479</u>	<u>2,400</u>	<u>39,507</u>	<u>202,002</u>	<u>662,388</u>
Noncurrent assets:					
Capital assets, not being depreciated	2,895,755	-	-	-	2,895,755
Capital assets, being depreciated, net	1,591,996	-	-	-	1,591,996
Total noncurrent assets	<u>4,487,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,487,751</u>
Total assets	<u>4,906,230</u>	<u>2,400</u>	<u>39,507</u>	<u>202,002</u>	<u>5,150,139</u>
LIABILITIES					
Current liabilities:					
Accounts payable	35,180	122	-	274	35,576
Accrued and other liabilities	2,456	1,076	-	25,209	28,741
Due to primary government	-	4,596	-	-	4,596
Current portion of long-term debt	6,015	2,430	-	10,555	19,000
Total current liabilities	<u>43,651</u>	<u>8,224</u>	<u>-</u>	<u>36,038</u>	<u>87,913</u>
Noncurrent liabilities:					
Accrued compensated absences	3,332	1,347	-	3,616	8,295
Other long-term liabilities	16,752	5,354	-	10,212	32,318
Noncurrent portion of long-term debt	-	-	-	3,900	3,900
Total noncurrent liabilities	<u>20,084</u>	<u>6,701</u>	<u>-</u>	<u>17,728</u>	<u>44,513</u>
Total liabilities	<u>63,735</u>	<u>14,925</u>	<u>-</u>	<u>53,766</u>	<u>132,426</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,487,751	-	-	-	4,487,751
Unrestricted	354,744	(12,525)	39,507	148,236	529,962
Total net assets (deficit)	<u>\$ 4,842,495</u>	<u>\$ (12,525)</u>	<u>\$ 39,507</u>	<u>\$ 148,236</u>	<u>\$ 5,017,713</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, 2010

	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets				Totals
		Operating Grants and Contributions	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	
Tax Increment Financing Authority							
Public works	\$ 2,982,714	\$ 19,199	\$ (2,963,515)				\$ (2,963,515)
Interest on long-term debt	2,637	-	(2,637)				(2,637)
Total - Tax Increment Financing Authority	2,985,351	19,199	(2,966,152)				(2,966,152)
Downtown Development Authority							
General government	58,276	-		\$ (58,276)			(58,276)
Brownfield Redevelopment Authority							
	-	-			\$ -		-
Housing Commission							
General government	168,041	118,366				\$ (49,675)	(49,675)
Health and welfare	1,193,608	1,193,608				-	-
Total - Housing Commission	1,361,649	1,311,974				(49,675)	(49,675)
Total component units	\$ 4,405,276	\$ 1,331,173					(3,074,103)
General revenues:							
Property taxes			2,728,318	51,181	21,298	-	2,800,797
Unrestricted investment earnings			14,936	-	-	1,171	16,107
Miscellaneous			23,314	-	-	-	23,314
Total general revenues			2,766,568	51,181	21,298	1,171	2,840,218
Change in net assets			(199,584)	(7,095)	21,298	(48,504)	(233,885)
Net assets (deficit) - beginning			5,042,079	(5,430)	18,209	196,740	5,251,598
Net assets (deficit) - ending			\$ 4,842,495	\$ (12,525)	\$ 39,507	\$ 148,236	\$ 5,017,713

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

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, 2010

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, 2010

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, except reimbursement-based grants which use a one year 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.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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

The Community Development Block Grant Fund accounts for grants received from the U.S. Department of Housing and Urban Development.

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, workers' compensation insurance coverage, and medical self-insurance 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.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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.

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, 2010

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. 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, \$30,581 of interest was capitalized as part of the cost of assets under construction.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, 2010

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end, except for those approved by the City Commission. 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, 2010, 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>	<u>Variance</u>
Major Streets Fund – Transfers Out	\$1,395,182	\$1,502,830	\$107,648
Local Streets Fund – Transfers Out	560,000	590,714	30,714
Publicity Fund – General Government	63,095	64,873	1,778
ROOTS Fund – Transfers Out	17,000	20,435	3,435
Grants Fund – Public Safety	478,823	479,863	1,040
Tax Increment Financing Authority	2,844,935	2,931,710	86,775
Downtown Development Authority	41,376	56,621	15,245
Housing Commission	1,330,062	1,350,556	20,494

C. Deficit fund equity

The primary government had two funds with deficit fund balance as of June 30, 2010. The Ice Arena unrestricted deficit of \$190,688 will be reduced through reduction of expenses. The component unit Downtown Development Authority operating fund deficit of \$5,794 will be corrected by a transfer from the DDA Tax Increment Financing Authority fund.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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	\$ 32,665,958	\$ 5,221,580	\$ 473,669	\$ 38,361,207	\$ 508,765
Investments	-	-	118,890,098	118,890,098	-
Restricted assets	1,000	-	-	1,000	-
Total	\$ 32,666,958	\$ 5,221,580	\$ 119,363,767	\$ 157,252,305	\$ 508,765

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank Deposits (checking and savings accounts, certificates of deposits)	\$ 42,358,944	\$ 508,765
Investments in Debt Securities	40,054,698	-
Investments in Equity Securities	74,833,312	-
Petty Cash and Cash on Hand	5,351	-
Total	\$ 157,252,305	\$ 508,765

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, 2010:

	Fair Value	Investment Maturities (in Years)				Credit Ratings Range	
		Less than 1	1 - 5	6 -10	>10	Standard & Poors	Moody's
U.S. agencies	\$17,775,555	\$ -	\$ 5,592,398	\$ 7,494,837	\$ 4,688,320	*	*
Governmental							
Money Market	4,224,490	-				n/a	Aaa
Municipal bonds	6,811,623	-	2,676,121	1,597,178	2,538,325	AAA to Baa1	AAA to BBB+
Corporate bonds	15,467,520	469,690	5,981,677	4,313,695	4,702,457	AAA to BB	Aaa to Ba1
Total	\$40,054,698	\$ 469,690	\$14,250,196	\$13,405,711	\$11,929,102		

*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, 2010, \$29,845,939 of the City of Royal Oak's bank balance of \$35,947,773 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 \$40,054,698 in investments, the City of Royal Oak has a custodial credit risk exposure of \$15,467,520 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, 2010

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, 2010, 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	Community Development Block Grant	Nonmajor and Other Funds	Internal Service Funds	Total	Not Expected to be Collected Within One Year
Taxes	\$ 224,668	\$ 70,260	\$ -	\$ 35,130	\$ -	\$ 330,058	\$ -
Accounts	2,905,279	137	-	119,268	13,067	3,037,751	-
Loans Receivable	-	-	3,698,510	-	-	3,698,510	3,698,510
Special Assessments	-	-	-	896,738	-	896,738	137,000
Intragovernmental	808,197	-	196,543	582,081	-	1,586,821	-
Interest and other	39,781	4,613	-	17,905	-	62,299	-
Gross Receivables	3,977,925	75,010	3,895,053	1,651,122	13,067	9,612,177	3,835,510
Less: Allowance for uncollectibles	(200,197)	(21,186)	-	(9,502)	-	(230,885)	-
Net receivables, per fund financials	\$ 3,777,728	\$ 53,824	\$ 3,895,053	\$ 1,641,620	\$ 13,067	\$ 9,381,292	\$ 3,835,510

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	\$ 12,486,518	\$ 1,547	\$ 74,839	\$ 12,562,904	\$ 5,722,331
Interest and other	-	10,798	-	10,798	-
Gross Receivables	12,486,518	12,345	74,839	12,573,702	5,722,331
Less: Allowance for uncollectibles	(103,808)	-	-	(103,808)	-
Net receivables, per fund financials	\$ 12,382,710	\$ 12,345	\$ 74,839	\$ 12,469,894	\$ 5,722,331

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

Receivables at year end at the government-wide level for component units are as follows:

Receivables:	<u>Component Units</u>
Taxes	\$ 85,293
Interest and other	2,910
Gross Receivables	<u>88,203</u>
Less: Allowance for uncollectibles	<u>(30,335)</u>
Net receivables, per fund financials	<u><u>\$ 57,868</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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Personal Property Taxes	\$ 227,370	\$ -
Special Assessments	896,738	-
Grant Drawdowns Prior to Meeting Eligibility Requirements	-	<u>3,776,625</u>
Total - fund financials	<u>1,124,108</u>	<u>3,776,625</u>
Less: revenue recognized under full accrual	<u>(1,124,108)</u>	-
Total - government-wide financials	<u><u>\$ -</u></u>	<u><u>\$ 3,776,625</u></u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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	8,539,327	3,912,970	(5,347,598)	7,104,699
Total capital assets not being depreciated	<u>75,314,079</u>	<u>3,912,970</u>	<u>(5,347,598)</u>	<u>73,879,451</u>
Capital assets being depreciated				
Buildings	30,694,265	-	-	30,694,265
Improvements other than buildings	3,898,547	18,189	-	3,916,736
Machinery and equipment	20,444,065	740,411	(622,811)	20,561,665
Infrastructure	89,993,843	5,327,675	-	95,321,518
Intangibles	411,729	13,200	(8,070)	416,859
Total capital assets being depreciated	<u>145,442,449</u>	<u>6,099,475</u>	<u>(630,881)</u>	<u>150,911,043</u>
Less accumulated depreciation for:				
Buildings	(10,875,197)	(624,171)	-	(11,499,368)
Improvements other than buildings	(3,150,682)	(119,113)	-	(3,269,795)
Machinery and equipment	(12,452,787)	(1,595,384)	622,811	(13,425,360)
Infrastructure	(54,884,738)	(1,276,946)	-	(56,161,684)
Intangibles	(387,737)	(15,011)	8,070	(394,678)
Total accumulated depreciation	<u>(81,751,141)</u>	<u>(3,630,625)</u>	<u>630,881</u>	<u>(84,750,885)</u>
Total capital assets being depreciated, net	<u>63,691,308</u>	<u>2,468,850</u>	<u>-</u>	<u>66,160,158</u>
Governmental activities capital assets, net	<u>\$ 139,005,387</u>	<u>\$ 6,381,820</u>	<u>\$ (5,347,598)</u>	<u>\$ 140,039,609</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 9,992,579	\$ -	\$ -	\$ 9,992,579
Construction in progress	7,221,105	3,777,064	(4,934,119)	6,064,050
Total capital assets not being depreciated	<u>17,213,684</u>	<u>3,777,064</u>	<u>(4,934,119)</u>	<u>16,056,629</u>
Capital assets being depreciated				
Buildings	29,408,968	1,363,757	-	30,772,725
Improvements other than buildings	311,958	-	-	311,958
Machinery and equipment	1,320,013	-	(3,250)	1,316,763
Infrastructure	104,157,787	4,033,900	-	108,191,687
Total capital assets being depreciated	<u>135,198,726</u>	<u>5,397,657</u>	<u>(3,250)</u>	<u>140,593,133</u>
Less accumulated depreciation for:				
Buildings	(9,876,051)	(770,620)	-	(10,646,671)
Improvements other than buildings	(205,143)	(10,596)	-	(215,739)
Machinery and equipment	(995,730)	(55,034)	3,250	(1,047,514)
Infrastructure	(24,920,753)	(2,487,558)	-	(27,408,311)
Total accumulated depreciation	<u>(35,997,677)</u>	<u>(3,323,808)</u>	<u>3,250</u>	<u>(39,318,235)</u>
Total capital assets being depreciated, net	<u>99,201,049</u>	<u>2,073,849</u>	<u>-</u>	<u>101,274,898</u>
Business-type activities capital assets, net	<u>\$ 116,414,733</u>	<u>\$ 5,850,913</u>	<u>\$ (4,934,119)</u>	<u>\$ 117,331,527</u>

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

Governmental activities:	
General government	\$ 374,551
Public safety	261,604
Public works	1,365,234
Health and welfare	11,768
Recreation and culture	399,264
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,218,204
Total depreciation expense - governmental activities	<u>\$ 3,630,625</u>
Business-type activities:	
Water and sewer	\$ 2,440,165
Parking	589,941
Recreation	235,916
Farmers market	57,786
Total depreciation expense - business-type activities	<u>\$ 3,323,808</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

Construction Commitments

The City has active construction projects as of June 30, 2010. 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:

	Spent to Date	Remaining Commitment
Buildings	\$ 307,927	\$ 163,139
Street Projects	6,501,604	1,225,241
Water Projects	4,570,322	391,577
Sidewalks	1,356,709	310,292
Total	\$ 12,736,562	\$ 2,090,249

Oakland County has a major contract on the George W. Kuhn project, of which \$39,078,598 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:

	Beginning Balance	Increases	Decreases	Ending Balance
Component units:				
Capital assets not being depreciated				
Land	\$ 2,895,755	\$ -	\$ -	\$ 2,895,755
Construction in progress	695,890	-	(695,890)	-
Total capital assets not being depreciated	<u>3,591,645</u>	<u>-</u>	<u>(695,890)</u>	<u>2,895,755</u>
Capital assets, being depreciated				
Improvements other than buildings	860,962	748,915	-	1,609,877
Equipment	5,247	-	(5,247)	-
Infrastructure	439,529	-	-	439,529
Total capital assets being depreciated	<u>1,305,738</u>	<u>748,915</u>	<u>(5,247)</u>	<u>2,049,406</u>
Less accumulated depreciation for:				
Improvements other than buildings	(139,914)	(63,750)	-	(203,664)
Equipment	(5,087)	(160)	5,247	-
Infrastructure	(231,490)	(22,256)	-	(253,746)
Total accumulated depreciation	<u>(376,491)</u>	<u>(86,166)</u>	<u>5,247</u>	<u>(457,410)</u>
Total capital assets being depreciated, net	<u>929,247</u>	<u>662,749</u>	<u>-</u>	<u>1,591,996</u>
Component unit capital assets, net	<u>\$ 4,520,892</u>	<u>\$ 662,749</u>	<u>\$ (695,890)</u>	<u>\$ 4,487,751</u>

There was \$86,166 in depreciation expense, \$86,006 of which was charged to the Tax Increment Financing Authority activity and \$160 was charged to the Housing Commission, on an asset, which became fully depreciated and was subsequently disposed of.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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	Block Grant	\$ 140,862
	Water & sewer	940,169
	Nonmajor enterprise	97,040
		<u>\$ 1,178,071</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. All interfund balances are expected to be collected within one year.

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>Nonmajor Enterprise Funds</u>	
General	\$ -	\$ 582,000	\$ -	\$ 143,000	\$ 725,000
Solid Waste	-	2,619	-	-	2,619
Community Development Block Grant	-	331,161	-	-	331,161
Nonmajor governmental funds	14,971	2,255,767	2,942,105	-	5,212,843
Internal service funds	350,000	88,375	-	-	438,375
Water & Sewer Fund	-	4,762,920	-	-	4,762,920
Automobile Parking System	775,000	56,682	-	-	831,682
Nonmajor enterprise funds	-	30,706	-	-	30,706
	<u>\$ 1,139,971</u>	<u>\$ 8,110,230</u>	<u>\$ 2,942,105</u>	<u>\$ 143,000</u>	<u>\$ 12,335,306</u>

Interfund transfers occur during the normal course of operations, for instance to fund capital projects.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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	\$ 5,630,000	\$ -	\$ (280,000)	\$ 5,350,000	\$ 290,000
Limited tax general obligation-Library	3,095,000	-	(170,000)	2,925,000	175,000
Unlimited tax general obligation bonds	6,700,000	-	(385,000)	6,315,000	400,000
Limited tax general obligation	4,425,000	-	(405,000)	4,020,000	410,000
Compensated absences	3,979,016	1,263,798	(1,342,029)	3,900,785	1,343,000
OPEB Liability	-	2,554,680	-	2,554,680	-
General liability claims	517,000	1,156,100	(31,000)	1,642,100	571,000
	<u>24,346,016</u>	<u>4,974,578</u>	<u>(2,613,029)</u>	<u>26,707,565</u>	<u>3,189,000</u>
Less: unamortized discount	(242,774)	-	17,918	(224,856)	-
Less: deferred loss	(87,992)	-	5,932	(82,060)	-
Total governmental activity long-term liabilities	<u>\$ 24,015,250</u>	<u>\$ 4,974,578</u>	<u>\$ (2,589,179)</u>	<u>\$ 26,400,649</u>	<u>\$ 3,189,000</u>
Business-type activities					
Limited tax general obligation-Ice Arena	\$ 650,000	\$ -	\$ (315,000)	\$ 335,000	\$ 335,000
Limited tax general obligation-Parking	13,385,000	-	(575,000)	12,810,000	595,000
Limited tax general obligation-Water	7,150,000	-	(265,000)	6,885,000	275,000
Drain bond - North Arm Relief Drain	8,947,387	-	(660,000)	8,287,387	675,000
Contractual obligations	30,149,462	887,526	(1,756,982)	29,280,006	1,809,334
Compensated absences	365,714	121,117	(140,305)	346,526	141,000
OPEB Liability	-	282,259	-	282,259	-
General liability claims	53,500	68,600	(4,000)	118,100	59,000
	<u>60,701,063</u>	<u>1,359,502</u>	<u>(3,716,287)</u>	<u>58,344,278</u>	<u>3,889,334</u>
Less: unamortized discount	(367,415)	-	23,904	(343,511)	(2,333)
Total business-type activity long-term liabilities	<u>\$ 60,333,648</u>	<u>\$ 1,359,502</u>	<u>\$ (3,692,383)</u>	<u>\$ 58,000,767</u>	<u>\$ 3,887,001</u>
Component units					
Limited tax development bonds	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ -
Compensated absences	31,201	6,738	(14,644)	23,295	15,000
OPEB Liability	-	32,318	-	32,318	-
General liability claims	3,600	4,900	(600)	7,900	4,000
	<u>184,801</u>	<u>43,956</u>	<u>(165,244)</u>	<u>63,513</u>	<u>19,000</u>
Less: unamortized discount	(387)	-	387	-	-
Total component unit long-term liabilities	<u>\$ 184,414</u>	<u>\$ 43,956</u>	<u>\$ (164,857)</u>	<u>\$ 63,513</u>	<u>\$ 19,000</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, \$162,764 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 and contractual obligations, interest rate and maturity information are as follows:

Purpose	Interest Rate	Maturing Through	Original Issue Amount	Principal Outstanding
Governmental activities	3.0%-6.25%	2029	\$ 17,475,000	\$ 13,260,000
Governmental activities - refunding	4.0%-4.375%	2024	6,590,000	5,350,000
Business-type activities	2.25%-6.25%	2029	64,419,706	47,478,652
Business-type activities - refunding	4.0%-5.125%	2026	12,722,949	10,118,741
			<u>\$ 101,207,655</u>	<u>\$ 76,207,393</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
2011	\$ 1,275,000	\$ 791,271	\$ 3,689,334	\$ 1,944,806	\$ -	\$ -
2012	1,330,000	740,709	3,334,400	1,832,557	-	-
2013	1,380,000	687,363	3,441,072	1,731,960	-	-
2014	1,445,000	630,473	3,530,482	1,627,583	-	-
2015	1,500,000	569,794	3,640,922	1,519,735	-	-
2016-2020	7,290,000	1,906,605	19,832,690	5,804,757	-	-
2021-2025	4,200,000	433,002	16,118,423	2,671,998	-	-
2026-2030	190,000	24,150	4,010,070	438,106	-	-
Total	<u>\$ 18,610,000</u>	<u>\$ 5,783,367</u>	<u>\$ 57,597,393</u>	<u>\$ 17,571,502</u>	<u>\$ -</u>	<u>\$ -</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 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
Notes to Financial Statements
June 30, 2010

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, 2010, the City's obligation is \$28,368,239 in principal.

F. Restricted Assets

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

Endowments	<u>\$ 1,000</u>
------------	-----------------

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.

Changes in the reported liability for the fiscal years 2009 and 2010 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>
2009	\$ 610,000	\$ -	\$ (35,900)	\$ 574,100
2010	574,100	1,229,600	(35,600)	1,768,100

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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 coverage for each of the past three fiscal years.

Changes in the reported liability for the fiscal years 2009 and 2010 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2009	\$ 918,269	\$ 225,341	\$ (320,355)	\$ 823,255
2010	823,255	286,468	(312,054)	797,669

The City maintains multiple health care insurance programs, one of which is a self-insurance program with Blue Cross Blue Shield. Our self-insurance program is accounted for in an internal service fund (Medical Self-Insurance Fund). The program is administered by a third party administrator who provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on actuarial and management estimates. These premiums are available to pay health care claims, claim reserves, stop loss coverage, prescriptions and administrative costs.

Health care liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. A stop loss coverage policy covers annual individual claims in excess of \$100,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. As this was the first year of the fund change in the reported liability for the year is the current balance or \$300,000.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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 have been adequately accrued as a part of general liability claims (see Note 4.A.).

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.

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, 2010, the City expensed approximately \$3,934,000 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, 2010, the City expensed approximately \$3,800,000 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, 409 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.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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>

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, 2010. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2010, there were no investments in any one organization 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, 2010, the City contributed \$8,264,634.

Three Year Trend Information (in Thousands)

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 5,591	100%	\$ -
2009	7,681	100%	-
2010	11,133	74%	2,868

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 3.5% annually. 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%

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.

Financial Statement Information: As of June 30, 2010, the statement of net assets for the Other Postemployment Benefits Trust is as follows:

ASSETS

Retirement investments, at fair value

Equities \$ 5,092,504

LIABILITIES

Accounts payable 278,544

NET ASSETS

Held in trust for other employee benefits \$ 4,813,960

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

As of June 30, 2010, the statement of changes of net assets for the Other Postemployment Benefits Trust is as follows:

ADDITIONS

Contributions:	
Employer	\$ 8,264,634
Investment earnings:	
Net increase in fair value of investments	237,446
Less investment expenses	<u>17,857</u>
Net investment income	<u>219,589</u>
Total additions	<u>8,484,223</u>

DEDUCTIONS

Benefits	6,047,027
Administrative expenses	<u>5,500</u>
Total deductions	<u>6,052,527</u>
Change in net assets	2,431,696
Net assets - beginning	<u>2,382,264</u>
Net assets - ending	<u>\$ 4,813,960</u>

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, 2010 was approximately \$20,644,000. The City's total payroll was approximately \$24,545,000.

At June 30, 2009 (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>516</u>
Current full-time employees:	
Fully vested	256
Nonvested	<u>61</u>
Total current employees	<u>317</u>
Total members	<u><u>833</u></u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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.

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, 2010, 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.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, 2010, the City's annual pension cost of \$4,373,351 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 \$2,058,401 for general employees and 21.79% of annual covered payroll for police and fire employees. 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.

Three Year Trend Information (in Thousands)

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 4,161	100%	-
2009	4,075	100%	-
2010	4,373	100%	-

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2009 (the most recent actuarial valuation date) is as follows:

Schedule of Funding Progress (in Thousands)

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
6/30/2009	\$ 138,812	\$ 173,543	\$ 34,731	80.0%	\$ 20,139	172.5%

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, 2010

Financial Statement Information: As of June 30, 2010, the statement of net assets for the Retirement Trust is as follows:

ASSETS

Cash and cash equivalents	\$	-
Receivables, net of uncollectibles		317,981
Retirement investments, at fair value		
U.S. government obligations		17,775,555
Municipal bonds		6,811,623
Corporate bonds		15,467,520
Stocks		69,740,808
Other investments		<u>4,002,088</u>
Total investments		<u>113,797,594</u>
Total assets		<u>114,115,575</u>

LIABILITIES

Accounts payable		2,397,977
Accrued and other liabilities		<u>8,298</u>
Total liabilities		<u>2,406,275</u>

NET ASSETS

Held in trust for pension benefits	\$	<u>111,709,300</u>
------------------------------------	----	--------------------

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

As of June 30, 2010, the statement of changes of net assets for the Retirement Trust is as follows:

ADDITIONS

Contributions:

Employer	\$ 4,373,351
Plan members	562,918
Plan members' buybacks	22,164
Total contributions	<u>4,958,433</u>

Investment earnings:

Net increase in fair value of investments	8,612,023
Interest	1,667,950
Dividends	1,377,089
Other investment revenues	49,520
Total investment income	<u>11,706,582</u>
Less investment expenses	<u>822,073</u>
Net investment income	<u>10,884,509</u>
Total additions	<u>15,842,942</u>

DEDUCTIONS

Benefits	11,087,163
Refund of contributions	330,045
Administrative expenses	41,968
Total deductions	<u>11,459,176</u>
Change in net assets	4,383,766
Net assets - beginning	<u>107,325,534</u>
Net assets - ending	<u>\$ 111,709,300</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2010

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, 2010, 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, 2010, were \$15,509 by the employees and \$21,713 by the City.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS

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
6/30/2000	\$ 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%
6/30/2009	138,812	173,543	34,731	80.0%	20,139	172.5%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
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%
2010	4,373	4,373	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 through 56.

City of Royal Oak, Michigan
City of Royal Oak Retiree Health Fund
Required 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 Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 5,591	\$ 5,591	100%
2009	7,681	7,681	100%
2010	11,133	8,265	74%

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 through 52.

OTHER SUPPLEMENTAL INFORMATION

**City of Royal Oak, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Special Revenue							Total Nonmajor Special Revenue Funds	
	Major Streets	Local Streets	Publicity	Senior Citizens Program	Library Millage	State Construction Code	ROOTS Fund		Grants
ASSETS									
Cash and investments	\$ 3,888,889	\$ 2,600,412	\$ 869	\$ 922,810	\$ 848,110	\$ 320,325	\$ 282,654	\$ 474,779	\$ 9,338,848
Receivables, net of uncollectibles	7,910	9,069	-	566	22,864	-	-	117,112	157,521
Due from other governmental units	439,101	142,980	-	-	-	-	-	-	582,081
Total assets	<u>\$ 4,335,900</u>	<u>\$ 2,752,461</u>	<u>\$ 869</u>	<u>\$ 923,376</u>	<u>\$ 870,974</u>	<u>\$ 320,325</u>	<u>\$ 282,654</u>	<u>\$ 591,891</u>	<u>\$ 10,078,450</u>
LIABILITIES									
Accounts payable	\$ 24,560	\$ 419	\$ -	\$ 60,479	\$ 45,310	\$ 21,938	\$ 334	\$ 9,056	\$ 162,096
Accrued and other liabilities	23,740	30,222	869	10,386	50,550	45,659	-	9,793	171,219
Cash bonds and deposits	-	-	-	-	-	-	-	10,141	10,141
Deferred revenue	-	-	-	-	20,789	-	-	68,540	89,329
Total liabilities	<u>48,300</u>	<u>30,641</u>	<u>869</u>	<u>70,865</u>	<u>116,649</u>	<u>67,597</u>	<u>334</u>	<u>97,530</u>	<u>432,785</u>
FUND BALANCES									
Reserved for endowment	-	-	-	-	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	737,830	1,055,030	-	199,620	125,310	-	12,000	228,590	2,358,380
Unreserved, undesignated	3,549,770	1,666,790	-	652,891	629,015	252,728	\$ 270,320	265,771	7,287,285
Total fund balances	<u>4,287,600</u>	<u>2,721,820</u>	<u>-</u>	<u>852,511</u>	<u>754,325</u>	<u>252,728</u>	<u>282,320</u>	<u>494,361</u>	<u>9,645,665</u>
Total liabilities and fund balances	<u>\$ 4,335,900</u>	<u>\$ 2,752,461</u>	<u>\$ 869</u>	<u>\$ 923,376</u>	<u>\$ 870,974</u>	<u>\$ 320,325</u>	<u>\$ 282,654</u>	<u>\$ 591,891</u>	<u>\$ 10,078,450</u>

**City of Royal Oak, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	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	\$ 9,338,848	\$ 30,222	\$ 385,330	\$ 11,963	\$ 397,293	\$ 9,918	\$ 9,776,281
Receivables, net of uncollectibles	157,521	5,274	-	896,738	896,738	6	1,059,539
Due from other governmental units	582,081	-	-	-	-	-	582,081
Restricted assets, cash	-	-	-	-	-	1,000	1,000
Total assets	<u>\$ 10,078,450</u>	<u>\$ 35,496</u>	<u>\$ 385,330</u>	<u>\$ 908,701</u>	<u>\$ 1,294,031</u>	<u>\$ 10,924</u>	<u>\$ 11,418,901</u>
LIABILITIES							
Accounts payable	\$ 162,096	\$ -	\$ 6,276	\$ -	\$ 6,276	\$ -	\$ 168,372
Accrued and other liabilities	171,219	-	144,951	-	144,951	-	316,170
Cash bonds and deposits	10,141	-	-	-	-	-	10,141
Deferred revenue	89,329	5,274	-	896,738	896,738	-	991,341
Total liabilities	<u>432,785</u>	<u>5,274</u>	<u>151,227</u>	<u>896,738</u>	<u>1,047,965</u>	<u>-</u>	<u>1,486,024</u>
FUND BALANCES							
Reserved for endowment	-	-	-	-	-	1,000	1,000
Unreserved, designated for subsequent year's expenditures	2,358,380	-	-	-	-	-	2,358,380
Unreserved, undesignated	7,287,285	30,222	234,103	11,963	246,066	9,924	7,573,497
Total fund balances	<u>9,645,665</u>	<u>30,222</u>	<u>234,103</u>	<u>11,963</u>	<u>246,066</u>	<u>10,924</u>	<u>9,932,877</u>
Total liabilities and fund balances	<u>\$ 10,078,450</u>	<u>\$ 35,496</u>	<u>\$ 385,330</u>	<u>\$ 908,701</u>	<u>\$ 1,294,031</u>	<u>\$ 10,924</u>	<u>\$ 11,418,901</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, 2010

	Special Revenue							Total Nonmajor Special Revenue Funds	
	Major Streets	Local Streets	Publicity	Senior Citizens Program	Library Millage	State Construction Code	ROOTS Fund Grants		
REVENUES									
Taxes	\$ -	\$ -	\$ 49,571	\$ -	\$ 2,210,507	\$ -	\$ -	\$ -	\$ 2,260,078
Licenses and permits	183,016	-	-	-	-	1,267,384	-	37,026	1,487,426
Federal grants	-	-	-	-	-	-	-	504,981	504,981
State grants	2,698,396	872,975	-	229,125	98,478	-	-	11,551	3,910,525
Charges for services	-	-	-	203,062	62,895	22,950	-	16,647	305,554
Fines and forfeitures	-	-	-	-	4,847	-	-	188,550	193,397
Interest and rentals	34,035	36,608	-	4,552	10,190	-	2,910	7,237	95,532
Contributions and donations	15,597	-	-	47,954	4,512	-	103,867	60,650	232,580
Other revenue	21,757	1,269	-	-	4,838	36,096	-	-	63,960
Total revenues	2,952,801	910,852	49,571	484,693	2,396,267	1,326,430	106,777	826,642	9,054,033
EXPENDITURES									
Current:									
General government	-	-	64,873	-	-	-	-	-	64,873
Public safety	-	-	-	-	-	1,488,513	989	479,863	1,969,365
Public works	1,494,417	1,498,881	-	-	-	-	-	-	2,993,298
Community and economic development	-	-	-	-	-	-	-	472,453	472,453
Recreation and culture	-	-	-	496,861	2,033,981	-	18,733	-	2,549,575
Debt service:									
Principal payments	-	-	-	-	170,000	-	-	-	170,000
Interest and paying agent fees	-	-	-	-	119,663	-	-	-	119,663
Total expenditures	1,494,417	1,498,881	64,873	496,861	2,323,644	1,488,513	19,722	952,316	8,339,227
Excess (deficiency) of revenues over (under) expenditures	1,458,384	(588,029)	(15,302)	(12,168)	72,623	(162,083)	87,055	(125,674)	714,806
OTHER FINANCING SOURCES (USES)									
Transfers in	6,528	669,319	13,095	-	-	582,000	-	20,435	1,291,377
Transfers out	(1,502,830)	(590,714)	-	(2,619)	-	(2,619)	(20,435)	-	(2,119,217)
Total other financing sources (uses)	(1,496,302)	78,605	13,095	(2,619)	-	579,381	(20,435)	20,435	(827,840)
Net change in fund balances	(37,918)	(509,424)	(2,207)	(14,787)	72,623	417,298	66,620	(105,239)	(113,034)
Fund balances - beginning	4,325,518	3,231,244	2,207	867,298	681,702	(164,570)	215,700	599,600	9,758,699
Fund balances - ending	\$ 4,287,600	\$ 2,721,820	\$ -	\$ 852,511	\$ 754,325	\$ 252,728	\$ 282,320	\$ 494,361	\$ 9,645,665

City of Royal Oak, Michigan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	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	\$ 2,260,078	\$ 684,343	\$ -	\$ -	\$ -	\$ -	\$ 2,944,421
Licenses and permits	1,487,426	-	-	-	-	-	1,487,426
Federal grants	504,981	-	-	-	-	-	504,981
State grants	3,910,525	-	-	-	-	-	3,910,525
Charges for services	305,554	-	2,613	-	2,613	-	308,167
Fines and forfeitures	193,397	-	-	-	-	-	193,397
Interest and rentals	95,532	-	-	33,321	33,321	68	128,921
Contributions and donations	232,580	517,696	483,195	128,179	611,374	-	1,361,650
Other revenue	63,960	9	-	-	-	-	63,969
Total revenues	<u>9,054,033</u>	<u>1,202,048</u>	<u>485,808</u>	<u>161,500</u>	<u>647,308</u>	<u>68</u>	<u>10,903,457</u>
EXPENDITURES							
Current:							
General government	64,873	-	-	-	-	-	64,873
Public safety	1,969,365	-	-	-	-	-	1,969,365
Public works	2,993,298	-	4,187,334	-	4,187,334	-	7,180,632
Community and economic development	472,453	-	-	-	-	-	472,453
Recreation and culture	2,549,575	-	-	-	-	422	2,549,997
Debt service:							
Principal payments	170,000	740,000	-	-	-	-	910,000
Interest and paying agent fees	119,663	569,837	-	-	-	-	689,500
Total expenditures	<u>8,339,227</u>	<u>1,309,837</u>	<u>4,187,334</u>	<u>-</u>	<u>4,187,334</u>	<u>422</u>	<u>13,836,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>714,806</u>	<u>(107,789)</u>	<u>(3,701,526)</u>	<u>161,500</u>	<u>(3,540,026)</u>	<u>(354)</u>	<u>(2,933,363)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,291,377	103,100	6,715,753	-	6,715,753	-	8,110,230
Transfers out	(2,119,217)	-	(2,944,089)	(149,537)	(3,093,626)	-	(5,212,843)
Total other financing sources (uses)	<u>(827,840)</u>	<u>103,100</u>	<u>3,771,664</u>	<u>(149,537)</u>	<u>3,622,127</u>	<u>-</u>	<u>2,897,387</u>
Net change in fund balances	(113,034)	(4,689)	70,138	11,963	82,101	(354)	(35,976)
Fund balances - beginning	9,758,699	34,911	163,965	-	163,965	11,278	9,968,853
Fund balances - ending	<u>\$ 9,645,665</u>	<u>\$ 30,222</u>	<u>\$ 234,103</u>	<u>\$ 11,963</u>	<u>\$ 246,066</u>	<u>\$ 10,924</u>	<u>\$ 9,932,877</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 177,000	\$ 177,000	\$ 183,016	\$ 6,016
State grants	2,993,909	2,637,299	2,698,396	61,097
Interest and rentals	95,000	25,000	34,035	9,035
Contributions and donations	16,000	16,000	15,597	(403)
Other revenue	20,000	21,000	21,757	757
Total revenues	<u>3,301,909</u>	<u>2,876,299</u>	<u>2,952,801</u>	<u>76,502</u>
EXPENDITURES				
Public works	<u>1,776,134</u>	<u>1,572,184</u>	<u>1,494,417</u>	<u>(77,767)</u>
Excess of revenues over expenditures	<u>1,525,775</u>	<u>1,304,115</u>	<u>1,458,384</u>	<u>154,269</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	6,500	6,528	28
Transfers out	<u>(1,655,192)</u>	<u>(1,395,182)</u>	<u>(1,502,830)</u>	<u>107,648</u>
Total other financing sources (uses)	<u>(1,648,692)</u>	<u>(1,388,682)</u>	<u>(1,496,302)</u>	<u>(107,620)</u>
Net change in fund balance	<u>\$ (122,917)</u>	<u>\$ (84,567)</u>	<u>(37,918)</u>	<u>\$ 46,649</u>
Fund balance - beginning			<u>4,325,518</u>	
Fund balance - ending			<u>\$ 4,287,600</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
State grants	\$ 997,970	\$ 878,000	\$ 872,975	\$ (5,025)
Interest and rentals	80,000	17,790	36,608	18,818
Other revenue	2,000	2,000	1,269	(731)
Total revenues	<u>1,079,970</u>	<u>897,790</u>	<u>910,852</u>	<u>13,062</u>
EXPENDITURES				
Public works	<u>1,575,149</u>	<u>1,568,637</u>	<u>1,498,881</u>	<u>(69,756)</u>
Deficiency of revenues under expenditures	<u>(495,179)</u>	<u>(670,847)</u>	<u>(588,029)</u>	<u>82,818</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	773,477	773,477	669,319	(104,158)
Transfers out	<u>(700,000)</u>	<u>(560,000)</u>	<u>(590,714)</u>	<u>30,714</u>
Total other financing sources	<u>73,477</u>	<u>213,477</u>	<u>78,605</u>	<u>(134,872)</u>
Net change in fund balance	<u>\$ (421,702)</u>	<u>\$ (457,370)</u>	<u>(509,424)</u>	<u>\$ (52,054)</u>
Fund balance - beginning			<u>3,231,244</u>	
Fund balance - ending			<u>\$ 2,721,820</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 50,000	\$ 49,500	\$ 49,571	\$ 71
EXPENDITURES				
General government	63,095	63,095	64,873	1,778
Deficiency of revenues under expenditures	(13,095)	(13,595)	(15,302)	(1,707)
OTHER FINANCING SOURCES				
Transfers in	13,095	13,095	13,095	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (500)</u>	(2,207)	<u>\$ (1,707)</u>
Fund balance - beginning			2,207	
Fund balance - 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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
State grants	\$ 145,123	\$ 145,123	\$ 229,125	\$ 84,002
Charges for services	170,000	174,400	203,062	28,662
Interest and rentals	17,000	17,000	4,552	(12,448)
Contributions and donations	47,434	47,434	47,954	520
Total revenues	<u>379,557</u>	<u>383,957</u>	<u>484,693</u>	<u>100,736</u>
EXPENDITURES				
Recreation and culture	<u>528,713</u>	<u>502,333</u>	<u>496,861</u>	<u>(5,472)</u>
Deficiency of revenues under expenditures	(149,156)	(118,376)	(12,168)	106,208
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(2,620)</u>	<u>(2,619)</u>	<u>(1)</u>
Net change in fund balance	<u>\$ (149,156)</u>	<u>\$ (120,996)</u>	<u>(14,787)</u>	<u>\$ 106,209</u>
Fund balance - beginning			<u>867,298</u>	
Fund balance - ending			<u>\$ 852,511</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,221,894	\$ 2,201,914	\$ 2,210,507	\$ 8,593
State grants	105,152	98,472	98,478	6
Charges for services	56,557	60,297	62,895	2,598
Fines and forfeitures	4,800	4,600	4,847	247
Interest and rentals	16,436	1,496	10,190	8,694
Contributions and donations	-	6,000	4,512	(1,488)
Other revenue	4,500	5,000	4,838	(162)
Total revenues	<u>2,409,339</u>	<u>2,377,779</u>	<u>2,396,267</u>	<u>18,488</u>
EXPENDITURES				
Recreation and culture	2,134,676	2,117,696	2,033,981	(83,715)
Debt service:				
Principal payments	170,000	170,000	170,000	-
Interest and paying agents fees	120,038	120,038	119,663	(375)
Total expenditures	<u>2,424,714</u>	<u>2,407,734</u>	<u>2,323,644</u>	<u>(84,090)</u>
Net change in fund balance	<u>\$ (15,375)</u>	<u>\$ (30,655)</u>	72,623	<u>\$ 103,278</u>
Fund balance - beginning			<u>681,702</u>	
Fund balance - ending			<u>\$ 754,325</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,410,000	\$ 1,069,550	\$ 1,267,384	\$ 197,834
Charges for services	-	20,000	22,950	2,950
Other revenue	10,000	30,000	36,096	6,096
Total revenues	<u>1,420,000</u>	<u>1,119,550</u>	<u>1,326,430</u>	<u>206,880</u>
EXPENDITURES				
Public safety	<u>1,419,963</u>	<u>1,512,739</u>	<u>1,488,513</u>	<u>(24,226)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37</u>	<u>(393,189)</u>	<u>(162,083)</u>	<u>231,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	582,000	582,000	-
Transfers out	-	(2,620)	(2,619)	(1)
Total other financing sources	<u>-</u>	<u>579,380</u>	<u>579,381</u>	<u>1</u>
Net change in fund balance	<u>\$ 37</u>	<u>\$ 186,191</u>	<u>417,298</u>	<u>\$ 231,107</u>
Fund balance - beginning			<u>(164,570)</u>	
Fund balance (deficit) - ending			<u>\$ 252,728</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
ROOTS Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Interest and rentals	\$ 7,000	\$ 3,000	\$ 2,910	\$ (90)
Contributions and donations	27,000	88,110	103,867	15,757
Total revenues	34,000	91,110	106,777	15,667
EXPENDITURES				
Public safety	3,750	3,160	989	(2,171)
Recreation and culture	15,250	29,350	18,733	(10,617)
Total expenditures	19,000	32,510	19,722	(12,788)
Excess of revenues over expenditures	15,000	58,600	87,055	28,455
OTHER FINANCING USES				
Transfers out	(15,000)	(17,000)	(20,435)	3,435
Net change in fund balance	\$ -	\$ 41,600	66,620	\$ 25,020
Fund balance - beginning			215,700	
Fund balance - ending			\$ 282,320	

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 37,463	\$ 37,003	\$ 37,026	\$ 23
Federal grants	2,500	1,791,610	504,981	(1,286,629)
State grants	23,000	11,000	11,551	551
Charges for services	17,500	15,000	16,647	1,647
Fines and forfeitures	96,654	301,564	188,550	(113,014)
Interest and rentals	1,800	800	7,237	6,437
Contributions and donations	23,217	51,997	60,650	8,653
Total revenues	<u>202,134</u>	<u>2,208,974</u>	<u>826,642</u>	<u>(1,382,332)</u>
EXPENDITURES				
Public safety	253,623	478,823	479,863	1,040
Community and economic development	<u>1,543,000</u>	<u>1,725,500</u>	<u>472,453</u>	<u>(1,253,047)</u>
Total expenditures	<u>1,796,623</u>	<u>2,204,323</u>	<u>952,316</u>	<u>(1,252,007)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,594,489)	4,651	(125,674)	(130,325)
OTHER FINANCING SOURCES				
Transfers in	<u>15,000</u>	<u>17,000</u>	<u>20,435</u>	<u>3,435</u>
Net change in fund balance	<u>\$ (1,579,489)</u>	<u>\$ 21,651</u>	<u>(105,239)</u>	<u>\$ (126,890)</u>
Fund balance - beginning			<u>599,600</u>	
Fund balance - ending			<u>\$ 494,361</u>	

**City of Royal Oak, Michigan
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010**

	<u>Recreation Administration</u>	<u>Ice Arena</u>	<u>Farmers Market</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 165,313	\$ 165,313
Receivables, net of uncollectibles	74,804	35	-	74,839
Deposits and other assets	3,975	-	-	3,975
Total current assets	<u>78,779</u>	<u>35</u>	<u>165,313</u>	<u>244,127</u>
Noncurrent assets:				
Capital assets	4,474,564	5,239,494	2,512,998	12,227,056
Less accumulated depreciation	(705,919)	(2,471,559)	(663,839)	(3,841,317)
Total capital assets, net	<u>3,768,645</u>	<u>2,767,935</u>	<u>1,849,159</u>	<u>8,385,739</u>
Total assets	<u>3,847,424</u>	<u>2,767,970</u>	<u>2,014,472</u>	<u>8,629,866</u>
LIABILITIES				
Current liabilities:				
Accounts payable	13,528	58,597	15,860	87,985
Accrued and other liabilities	10,454	18,974	764	30,192
Due to other funds	8,075	88,965	-	97,040
Compensated absences, current	7,896	2,820	282	10,998
Long term debt, due within one year	4,000	334,667	-	338,667
Total current liabilities	<u>43,953</u>	<u>504,023</u>	<u>16,906</u>	<u>564,882</u>
Noncurrent liabilities:				
Accrued compensated absences	11,410	4,129	454	15,993
Other long-term liabilities	20,137	17,238	319	37,694
Total noncurrent liabilities	<u>31,547</u>	<u>21,367</u>	<u>773</u>	<u>53,687</u>
Total liabilities	<u>75,500</u>	<u>525,390</u>	<u>17,679</u>	<u>618,569</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,764,645	2,433,268	1,849,159	8,047,072
Unrestricted (deficit)	7,279	(190,688)	147,634	(35,775)
Total net assets	<u>\$ 3,771,924</u>	<u>\$ 2,242,580</u>	<u>\$ 1,996,793</u>	<u>\$ 8,011,297</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, 2010

	<u>Recreation Administration</u>	<u>Ice Arena</u>	<u>Farmers Market</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 695,946	\$ 1,083,569	\$ 309,329	\$ 2,088,844
Other	-	-	21,776	21,776
Total operating revenues	<u>695,946</u>	<u>1,083,569</u>	<u>331,105</u>	<u>2,110,620</u>
OPERATING EXPENSES				
Salaries and benefits	270,399	165,597	5,066	441,062
Supplies	29,978	20,507	18,488	68,973
Other services and charges	378,565	672,923	270,154	1,321,642
Depreciation	89,622	146,295	57,786	293,703
Total operating expenses	<u>768,564</u>	<u>1,005,322</u>	<u>351,494</u>	<u>2,125,380</u>
Operating income (loss)	<u>(72,618)</u>	<u>78,247</u>	<u>(20,389)</u>	<u>(14,760)</u>
NONOPERATING REVENUES (EXPENSES)				
Federal grants	-	-	-	-
Interest income	-	440	12,789	13,229
Interest expense	-	(23,275)	-	(23,275)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(22,835)</u>	<u>12,789</u>	<u>(10,046)</u>
Income (loss) before transfers	<u>(72,618)</u>	<u>55,412</u>	<u>(7,600)</u>	<u>(24,806)</u>
TRANSFERS IN	143,000	-	-	143,000
TRANSFERS OUT	<u>-</u>	<u>(30,706)</u>	<u>-</u>	<u>(30,706)</u>
Change in net assets	70,382	24,706	(7,600)	87,488
Total net assets - beginning	<u>3,701,542</u>	<u>2,217,874</u>	<u>2,004,393</u>	<u>7,923,809</u>
Total net assets - ending	<u>\$ 3,771,924</u>	<u>\$ 2,242,580</u>	<u>\$ 1,996,793</u>	<u>\$ 8,011,297</u>

City of Royal Oak, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010

	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 689,301	\$ 1,086,544	\$ 331,645	\$ 2,107,490
Internal activity - receipts from other funds	-	16,122	0	16,122
Payments to vendors	(300,733)	(774,657)	(255,851)	(1,331,241)
Payments to employees	(164,298)	(98,046)	(2,287)	(264,631)
Payments of benefits on behalf of employees	(104,554)	(74,771)	(2,119)	(181,444)
Internal activity - payments to other funds	(80,441)	-	(27,587)	(108,028)
Net cash provided by operating activities	<u>39,275</u>	<u>155,192</u>	<u>43,801</u>	<u>238,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Donations and grant proceeds	-	-	-	-
Transfers from other funds	143,000	-	-	143,000
Transfers to other funds	-	(30,706)	-	(30,706)
Net cash provided by (used in) noncapital financing activities	<u>143,000</u>	<u>(30,706)</u>	<u>-</u>	<u>112,294</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(287,050)	(145,908)	(432,958)
Principal paid on capital debt	-	(315,000)	-	(315,000)
Interest paid on capital debt	-	(19,775)	-	(19,775)
Net cash used in capital and related financing activities	<u>-</u>	<u>(621,825)</u>	<u>(145,908)</u>	<u>(767,733)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	440	12,789	13,229
Net increase (decrease) in cash and cash equivalents	<u>182,275</u>	<u>(496,899)</u>	<u>(89,318)</u>	<u>(403,942)</u>
Cash and investments balances - beginning	<u>(182,275)</u>	<u>496,899</u>	<u>254,631</u>	<u>569,255</u>
Cash and investments balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,313</u>	<u>\$ 165,313</u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (72,618)	\$ 78,247	\$ (20,389)	\$ (14,760)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	89,622	146,295	57,786	293,703
Changes in assets and liabilities:				
Receivables, net	(6,645)	2,975	540	(3,130)
Accounts payable	807	(166,828)	4,988	(161,033)
Accrued and other liabilities	(85)	981	(179)	717
Due to other funds	8,075	88,965	-	97,040
Accrued compensated absences	(418)	(12,881)	736	(12,563)
Decrease in other long-term liabilities	20,537	17,438	319	38,294
Net cash provided by operating activities	<u>\$ 39,275</u>	<u>\$ 155,192</u>	<u>\$ 43,801</u>	<u>\$ 238,268</u>

City of Royal Oak, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	<u>Information Systems</u>	<u>Motor Pool</u>	<u>Workers Compensation</u>	<u>Medical Self-Insurance</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$ 1,995,660	\$ 5,596,247	\$ 2,173,815	\$ 638,868	\$ 10,404,590
Receivables, net of uncollectibles	-	13,067	-	-	13,067
Deposits and other assets	-	37,226	-	-	37,226
Inventories	-	191,782	-	-	191,782
Total current assets	<u>1,995,660</u>	<u>5,838,322</u>	<u>2,173,815</u>	<u>638,868</u>	<u>10,646,665</u>
Noncurrent assets:					
Capital assets	1,378,726	15,701,016	-	-	17,079,742
Less accumulated depreciation	(1,311,952)	(9,894,096)	-	-	(11,206,048)
Total capital assets, net	<u>66,774</u>	<u>5,806,920</u>	<u>-</u>	<u>-</u>	<u>5,873,694</u>
Total assets	<u>2,062,434</u>	<u>11,645,242</u>	<u>2,173,815</u>	<u>638,868</u>	<u>16,520,359</u>
LIABILITIES					
Current liabilities:					
Accounts payable	3,976	105,124	-	-	109,100
Accrued and other liabilities	21,112	88,209	797,669	300,000	1,206,990
Compensated absences, current	21,488	34,918	-	-	56,406
Long term debt, due within one year	-	330,000	-	-	330,000
Total current liabilities	<u>46,576</u>	<u>558,251</u>	<u>797,669</u>	<u>300,000</u>	<u>1,702,496</u>
Noncurrent liabilities:					
Accrued compensated absences	40,958	65,400	-	-	106,358
Other long-term liabilities	46,772	103,628	-	-	150,400
Bonds payable	-	3,068,214	-	-	3,068,214
Total noncurrent liabilities	<u>87,730</u>	<u>3,237,242</u>	<u>-</u>	<u>-</u>	<u>3,324,972</u>
Total liabilities	<u>134,306</u>	<u>3,795,493</u>	<u>797,669</u>	<u>300,000</u>	<u>5,027,468</u>
NET ASSETS					
Invested in capital assets, net of related debt	66,774	2,408,706	-	-	2,475,480
Unrestricted	1,861,354	5,441,043	1,376,146	338,868	9,017,411
Total net assets	<u>\$ 1,928,128</u>	<u>\$ 7,849,749</u>	<u>\$ 1,376,146</u>	<u>\$ 338,868</u>	<u>\$ 11,492,891</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, 2010

	<u>Information Systems</u>	<u>Motor Pool</u>	<u>Workers Compensation</u>	<u>Medical Self-Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ 950,000	\$ 3,725,253	\$ 885,589	\$ 2,690,648	\$ 8,251,490
Other revenue	-	33,877	4	-	33,881
Total operating revenues	<u>950,000</u>	<u>3,759,130</u>	<u>885,593</u>	<u>2,690,648</u>	<u>8,285,371</u>
OPERATING EXPENSES					
Salaries and benefits	555,527	1,412,189	286,468	2,351,780	4,605,964
Supplies	13,737	812,187	-	-	825,924
Other services and charges	187,343	461,323	128,516	-	777,182
Depreciation	123,496	1,094,708	-	-	1,218,204
Total operating expenses	<u>880,103</u>	<u>3,780,407</u>	<u>414,984</u>	<u>2,351,780</u>	<u>7,427,274</u>
Operating income (loss)	<u>69,897</u>	<u>(21,277)</u>	<u>470,609</u>	<u>338,868</u>	<u>858,097</u>
NONOPERATING REVENUES (EXPENSES)					
Interest expense	-	(155,678)	-	-	(155,678)
Gain on sale of capital assets	-	58,792	-	-	58,792
Total nonoperating expense	<u>-</u>	<u>(96,886)</u>	<u>-</u>	<u>-</u>	<u>(96,886)</u>
Income (loss) before transfers	69,897	(118,163)	470,609	338,868	761,211
TRANSFERS OUT	<u>-</u>	<u>(88,375)</u>	<u>(350,000)</u>	<u>-</u>	<u>(438,375)</u>
Change in net assets	69,897	(206,538)	120,609	338,868	322,836
Total net assets - beginning	<u>1,858,231</u>	<u>8,056,287</u>	<u>1,255,537</u>	<u>-</u>	<u>11,170,055</u>
Total net assets - ending	<u>\$ 1,928,128</u>	<u>\$ 7,849,749</u>	<u>\$ 1,376,146</u>	<u>\$ 338,868</u>	<u>\$ 11,492,891</u>

**City of Royal Oak, Michigan
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010**

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ -	\$ 122,123	\$ -	\$ -	\$ 122,123
Internal activity - receipts from other funds	950,000	3,603,130	885,589	2,690,648	8,129,367
Other operating receipts	-	31,790	4	-	31,794
Payments to vendors	(167,381)	(1,220,475)	(105,101)	(2,051,780)	(3,544,737)
Payments to employees	(240,140)	(643,242)	(25,586)	-	(908,968)
Payments of benefits on behalf of employees	(265,006)	(641,549)	(288,310)	-	(1,194,865)
Internal activity - payments to other funds	(36,136)	(150,523)	(21,573)	-	(208,232)
Net cash provided by operating activities	<u>241,337</u>	<u>1,101,254</u>	<u>445,023</u>	<u>638,868</u>	<u>2,426,482</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(88,375)	(350,000)	-	(438,375)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(13,200)	(501,034)	-	-	(514,234)
Principal paid on capital debt	-	(329,246)	-	-	(329,246)
Interest paid on capital debt	-	(155,678)	-	-	(155,678)
Proceeds from sale of capital assets	-	58,792	-	-	58,792
Net cash used in capital and related financing activities	<u>(13,200)</u>	<u>(927,166)</u>	<u>-</u>	<u>-</u>	<u>(940,366)</u>
Net increase in cash and cash equivalents	228,137	85,713	95,023	638,868	1,047,741
Cash and investments balances - beginning	1,767,523	5,510,534	2,078,792	-	9,356,849
Cash and investments balances - ending	<u>\$ 1,995,660</u>	<u>\$ 5,596,247</u>	<u>\$ 2,173,815</u>	<u>\$ 638,868</u>	<u>\$ 10,404,590</u>

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

Operating income	\$ 69,897	\$ (21,277)	\$ 470,609	\$ 338,868	\$ 858,097
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	123,496	1,094,708	-	-	1,218,204
Changes in assets and liabilities:					
Receivables	-	(2,087)	-	-	(2,087)
Deposits and other assets	-	5,243	-	-	5,243
Inventories	-	8,689	-	-	8,689
Accounts payable	(1,238)	(85,736)	-	-	(86,974)
Accrued and other liabilities	2,425	12,091	(25,586)	300,000	288,930
Accrued compensated absences	(15)	(14,005)	-	-	(14,020)
Decrease in other long-term liabilities	46,772	103,628	-	-	150,400
Net cash provided by operating activities	<u>\$ 241,337</u>	<u>\$ 1,101,254</u>	<u>\$ 445,023</u>	<u>\$ 638,868</u>	<u>\$ 2,426,482</u>

City of Royal Oak, Michigan
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010

	<u>Agency</u>	<u>Tax Collection Fund</u>	<u>44th District Court</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 309,428	\$ -	\$ 164,241	\$ 473,669
Total assets	<u>\$ 309,428</u>	<u>\$ -</u>	<u>\$ 164,241</u>	<u>\$ 473,669</u>
LIABILITIES				
Due to other governmental units	\$ 85	\$ -	\$ 75,738	\$ 75,823
Cash bonds and deposits	309,343	-	88,503	397,846
Total liabilities	<u>\$ 309,428</u>	<u>\$ -</u>	<u>\$ 164,241</u>	<u>\$ 473,669</u>

City of Royal Oak, Michigan
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
AGENCY FUND				
Assets:				
Cash and investments	\$ 214,297	\$ 195,118	\$ 99,987	\$ 309,428
Liabilities:				
Accounts payable	\$ 101	\$ 98,408	\$ 98,509	\$ -
Due to other governmental units	60	75	50	85
Cash bonds and deposits	214,136	215,044	119,837	309,343
Total liabilities	<u>\$ 214,297</u>	<u>\$ 313,527</u>	<u>\$ 218,396</u>	<u>\$ 309,428</u>
TAX COLLECTION FUND				
Assets:				
Cash and investments	\$ 6,607	\$ 98,286,046	\$ 98,292,653	\$ -
Liabilities:				
Accounts payable	\$ 6,607	\$ 287,973	\$ 294,580	\$ -
Due to other governmental units	-	197,170,363	197,170,363	-
Total liabilities	<u>\$ 6,607</u>	<u>\$ 197,458,336</u>	<u>\$ 197,464,943</u>	<u>\$ -</u>
44TH DISTRICT COURT				
Assets:				
Cash and investments	\$ 182,500	\$ 978,240	\$ 996,499	\$ 164,241
Liabilities:				
Accounts payable	\$ -	\$ 970,303	\$ 970,303	\$ -
Due to other governmental units	83,517	978,240	986,019	75,738
Cash bonds and deposits	98,982	-	10,479	88,503
Total liabilities	<u>\$ 182,499</u>	<u>\$ 1,948,543</u>	<u>\$ 1,966,801</u>	<u>\$ 164,241</u>
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 403,404	\$ 99,459,404	\$ 99,389,139	\$ 473,669
Liabilities:				
Accounts payable	\$ 6,708	\$ 1,356,684	\$ 1,363,392	\$ -
Due to other governmental units	83,577	198,148,678	198,156,432	75,823
Cash bonds and deposits	313,118	215,044	130,316	397,846
Total liabilities	<u>\$ 403,403</u>	<u>\$ 199,720,406</u>	<u>\$ 199,650,140</u>	<u>\$ 473,669</u>

City of Royal Oak, Michigan
Balance Sheets
Component Units
June 30, 2010

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission
ASSETS				
Cash and investments	\$ 363,011	\$ -	\$ 39,507	\$ 106,247
Receivables, net of uncollectibles	55,468	2,400	-	-
Deposits and other assets	-	-	-	95,755
Total assets	<u>418,479</u>	<u>2,400</u>	<u>39,507</u>	<u>202,002</u>
LIABILITIES				
Accounts payable	35,180	122	-	274
Accrued and other liabilities	2,456	1,076	-	25,209
Due to primary government	-	4,596	-	-
Deferred revenue	52,557	2,400	-	-
Total liabilities	<u>90,193</u>	<u>8,194</u>	<u>-</u>	<u>25,483</u>
FUND BALANCES (DEFICIT)				
Unreserved (deficit)	<u>328,286</u>	<u>(5,794)</u>	<u>39,507</u>	<u>176,519</u>
Total fund balances (deficit)	328,286	(5,794)	39,507	176,519
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	4,487,751	-	-	-
- Taxes receivable are expected to be collected over several years, and are not available to pay current year expenditures	52,557	2,400	-	-
- Long-term liabilities are not due and payable in the current period and are not reported at the fund level	(26,099)	(9,131)	-	(28,283)
Total net assets (deficit) for component units	<u>\$ 4,842,495</u>	<u>\$ (12,525)</u>	<u>\$ 39,507</u>	<u>\$ 148,236</u>

City of Royal Oak, Michigan
Statements of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Year Ended June 30, 2010

	Tax			
	Increment	Downtown	Brownfield	Housing
	Financing	Development	Redevelopment	Commission
	Authority	Authority	Authority	
REVENUES				
Taxes	\$ 2,744,143	\$ 51,181	\$ 21,298	\$ -
Federal grants	-	-	-	1,311,974
Interest and rentals	14,936	-	-	1,171
Contributions and donations	19,199	-	-	-
Other revenues	23,314	-	-	-
Total revenues	<u>2,801,592</u>	<u>51,181</u>	<u>21,298</u>	<u>1,313,145</u>
EXPENDITURES				
Current:				
Housing assistance payments	-	-	-	1,193,608
Community and economic development	2,931,710	56,621	-	156,948
Debt service:				
Principal payments	150,000	-	-	-
Interest expense	4,500	-	-	-
Total expenditures	<u>3,086,210</u>	<u>56,621</u>	<u>-</u>	<u>1,350,556</u>
Change in fund balance	(284,618)	(5,440)	21,298	(37,411)
Fund balances (deficit) - beginning	612,904	(354)	18,209	213,930
Fund balances (deficit) - ending	<u>\$ 328,286</u>	<u>\$ (5,794)</u>	<u>\$ 39,507</u>	<u>\$ 176,519</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, 2010

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission
Net change in fund balances - component units	\$ (284,618)	\$ (5,440)	\$ 21,298	\$ (37,411)
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 depreciation (\$86,166) exceeded capital outlays (\$53,025) in the current period for the Tax Increment Financing Authority and the amount of depreciation for the Housing Commission.	(32,981)	-	-	(160)
- Taxes receivable are expected to be collected over several years, and are not available to pay current year expenditures.	(15,825)	-	-	-
- 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.				
Accrued interest on bonds	2,250	-	-	-
Amortization of bond discount	(387)	-	-	-
Amortization of issuance costs	(1,899)	-	-	-
Compensated absences	627	3,699	-	3,580
OPEB Liability	(16,751)	(5,354)	-	(10,213)
General liability claims	-	-	-	(4,300)
Combined adjustment	591	3,699	-	(10,933)
Change in net assets of component units	<u>\$ (199,584)</u>	<u>\$ (7,095)</u>	<u>\$ 21,298</u>	<u>\$ (48,504)</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,765,475	\$ 2,699,965	\$ 2,744,143	\$ 44,178
Interest and rentals	50,000	7,000	14,936	7,936
Contributions and donations	10,000	16,600	19,199	2,599
Other revenue	-	22,100	23,314	1,214
Total revenues	<u>2,825,475</u>	<u>2,745,665</u>	<u>2,801,592</u>	<u>55,927</u>
EXPENDITURES				
Community and economic development	2,869,035	2,844,935	2,931,710	86,775
Debt service:				
Principal payments	150,000	150,000	150,000	-
Interest and paying agents fees	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total expenditures	<u>3,023,535</u>	<u>2,999,435</u>	<u>3,086,210</u>	<u>86,775</u>
Deficiency of revenues under expenditures	<u>(198,060)</u>	<u>(253,770)</u>	<u>(284,618)</u>	<u>(30,848)</u>
Net change in fund balance	<u>\$ (198,060)</u>	<u>\$ (253,770)</u>	<u>(284,618)</u>	<u>\$ (30,848)</u>
Fund balance - beginning			<u>612,904</u>	
Fund balance - ending			<u>\$ 328,286</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 50,000	\$ 51,000	\$ 51,181	\$ 181
EXPENDITURES				
Community and economic development	<u>50,466</u>	<u>41,376</u>	<u>56,621</u>	<u>15,245</u>
Net change in fund balance	<u>\$ (466)</u>	<u>\$ 9,624</u>	<u>(5,440)</u>	<u>\$ (15,064)</u>
Fund balance (deficit) - beginning			<u>(354)</u>	
Fund balance (deficit) - ending			<u>\$ (5,794)</u>	

City of Royal Oak, Michigan
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Brownfield Redevelopment Authority
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 65,704	\$ 65,704	\$ 21,298	\$ (44,406)
EXPENDITURES				
Community and economic development	65,704	65,704	-	(65,704)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	21,298	<u>\$ 21,298</u>
Fund balance - beginning			<u>18,209</u>	
Fund balance - ending			<u>\$ 39,507</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Federal grants	\$ 1,315,914	\$ 1,315,914	\$ 1,311,974	\$ (3,940)
Interest and rentals	3,500	500	1,171	671
Total revenues	<u>1,319,414</u>	<u>1,316,414</u>	<u>1,313,145</u>	<u>(3,269)</u>
EXPENDITURES				
Community and economic development	172,426	150,066	156,948	6,882
Housing assistance payments	<u>1,187,436</u>	<u>1,179,996</u>	<u>1,193,608</u>	<u>13,612</u>
Total expenditures	<u>1,359,862</u>	<u>1,330,062</u>	<u>1,350,556</u>	<u>20,494</u>
Net change in fund balance	<u>\$ (40,448)</u>	<u>\$ (13,648)</u>	<u>(37,411)</u>	<u>\$ (23,763)</u>
Fund balance - beginning			<u>213,930</u>	
Fund balance - ending			<u>\$ 176,519</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

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 Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30		
	2003	2004	2005
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	(1,295,989)	920,013	3,704,314
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	17,856,461	16,092,490	13,424,771
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	16,560,472	17,012,503	17,129,085
Total primary government net assets	\$ 175,477,421	\$ 183,893,656	\$ 191,435,063

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.

2006	2007	2008	2009	2010
\$ 116,963,284	\$ 118,453,656	\$ 118,921,341	\$ 119,486,155	\$ 121,736,526
19,737,682	22,836,277	24,253,884	14,365,234	15,097,992
2,737,267	2,958,906	4,242,843	14,347,188	9,385,034
<u>\$ 139,438,233</u>	<u>\$ 144,248,839</u>	<u>\$ 147,418,068</u>	<u>\$ 148,198,577</u>	<u>\$ 146,219,552</u>
\$ 49,403,430	\$ 58,089,326	\$ 61,366,065	\$ 61,051,630	\$ 64,238,153
2,764,237	2,653	2,653	2,653	-
10,863,254	8,330,833	10,061,309	15,584,666	12,260,677
<u>\$ 63,030,921</u>	<u>\$ 66,422,812</u>	<u>\$ 71,430,027</u>	<u>\$ 76,638,949</u>	<u>\$ 76,498,830</u>
\$ 166,366,714	\$ 176,542,982	\$ 180,287,406	\$ 180,537,785	\$ 185,974,679
22,501,919	22,838,930	24,256,537	14,367,887	15,097,992
13,600,521	11,289,739	14,304,152	29,931,854	21,645,711
<u>\$ 202,469,154</u>	<u>\$ 210,671,651</u>	<u>\$ 218,848,095</u>	<u>\$ 224,837,526</u>	<u>\$ 222,718,382</u>

City of Royal Oak, Michigan
Financial Trends
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 11,234,438	\$ 10,723,060	\$ 9,509,493	\$ 11,837,178
Public safety	17,619,573	16,542,881	17,608,033	19,853,374
Public works	14,587,704	7,801,142	11,505,812	11,130,782
Health and welfare	499,650	457,109	489,725	488,655
Community and economic development	1,798,736	1,579,285	1,356,084	1,779,318
Recreation and culture	3,186,534	2,977,851	3,216,412	3,237,185
Interest and paying agent fees	747,718	728,469	708,760	733,419
Total governmental activities expenses	<u>49,674,353</u>	<u>40,809,797</u>	<u>44,394,319</u>	<u>49,059,911</u>
Business-type activities:				
Water & sewer	14,300,232	14,577,922	14,771,560	15,649,024
Parking	1,877,865	2,019,263	1,966,791	2,143,135
Recreation	2,668,982	2,716,899	2,537,582	1,973,325
Farmers market	217,957	194,120	213,301	259,037
Total business-type activities expenses	<u>19,065,036</u>	<u>19,508,204</u>	<u>19,489,234</u>	<u>20,024,521</u>
Total primary government expenses	<u>\$ 68,739,389</u>	<u>\$ 60,318,001</u>	<u>\$ 63,883,553</u>	<u>\$ 69,084,432</u>
Program Revenues				
Governmental activities:				
General government	\$ 3,071,108	\$ 3,133,449	\$ 3,486,523	\$ 4,265,247
Public safety	1,791,440	1,985,138	2,894,001	2,869,512
Public works	1,204,166	1,587,523	1,303,489	1,775,743
Health and welfare	557,306	804,043	830,715	874,274
Community and economic development	435,552	568,002	357,520	412,601
Recreation and culture	1,104,681	1,182,389	1,293,974	1,291,357
Interest and paying agent fees	653,826	663,647	751,606	854,553
Charges for services	8,818,079	9,924,191	10,917,828	12,343,287
Operating grants and contributions	2,484,230	2,899,089	2,605,739	2,842,985
Capital grants and contributions	1,127,952	682,829	173,218	1,972,423
Total governmental activities program revenues	<u>12,430,261</u>	<u>13,506,109</u>	<u>13,696,785</u>	<u>17,158,695</u>
Business-type activities:				
Charges for services				
Water & sewer	14,676,181	15,179,686	16,728,932	19,083,625
Parking	1,839,840	1,948,505	2,028,753	2,075,657
Recreation	2,675,818	2,621,140	2,200,673	1,922,617
Farmers market	327,354	319,241	272,295	276,736
Operating grants and contributions	436,160	695,144	817,252	775,879
Capital grants and contributions	1,626,280	29,802	20,490	911,845
Total business-type activities program revenues	<u>21,581,633</u>	<u>20,793,518</u>	<u>22,068,395</u>	<u>25,046,359</u>
Total primary government program revenues	<u>\$ 34,011,894</u>	<u>\$ 34,299,627</u>	<u>\$ 35,765,180</u>	<u>\$ 42,205,054</u>
Net (Expense)/Revenue				
Governmental activities	\$ (37,244,092)	\$ (27,303,688)	\$ (30,697,534)	\$ (31,901,216)
Business-type activities	2,516,597	1,285,314	2,579,161	5,021,838
Total primary government net expense	<u>\$ (34,727,495)</u>	<u>\$ (26,018,374)</u>	<u>\$ (28,118,373)</u>	<u>\$ (26,879,378)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 20,598,307	\$ 23,137,213	\$ 24,296,152	\$ 25,266,467
State-shared revenues	10,235,529	9,877,965	9,675,450	9,562,574
Unrestricted investment earnings	525,365	343,078	553,041	1,471,827
Gain on sale of capital assets	44,730	13,118	38,195	32,618
Reimbursements	-	400,749	482,231	20,431
Miscellaneous	1,159,023	499,698	338,787	872,555
Transfers	35,554	1,648,495	2,044,358	1,306,707
Total governmental activities	<u>32,598,508</u>	<u>35,920,316</u>	<u>37,428,214</u>	<u>38,533,179</u>
Business-type activities:				
Unrestricted investment earnings	275,411	142,708	237,707	366,520
Gain on sale of capital assets	2,500	1,600	-	308,829
Miscellaneous	10,579	18,480	38,217	11,648
Transfers	(35,554)	(1,648,495)	(2,044,358)	(1,306,707)
Total business-type activities	<u>252,936</u>	<u>(1,485,707)</u>	<u>(1,768,434)</u>	<u>(619,710)</u>
Total primary government	<u>\$ 32,851,444</u>	<u>\$ 34,434,609</u>	<u>\$ 35,659,780</u>	<u>\$ 37,913,469</u>
Change in Net Assets				
Governmental activities	\$ (4,645,584)	\$ 8,616,628	\$ 6,730,680	\$ 6,631,963
Business-type activities	2,769,533	(200,393)	810,727	4,402,128
Total primary government	<u>\$ (1,876,051)</u>	<u>\$ 8,416,235</u>	<u>\$ 7,541,407</u>	<u>\$ 11,034,091</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.

2007	2008	2009	2010
\$ 11,820,682	\$ 9,081,988	\$ 9,178,697	\$ 10,658,475
20,540,025	24,228,222	25,340,432	27,808,076
11,677,027	11,647,910	12,008,559	11,323,281
469,999	602,645	720,452	1,045,227
1,532,163	2,301,776	1,382,073	1,855,557
3,581,434	4,212,541	4,101,371	3,988,900
793,776	784,438	720,676	697,975
<u>50,415,106</u>	<u>52,859,520</u>	<u>53,452,260</u>	<u>57,377,491</u>
16,358,489	16,457,830	17,426,976	19,727,621
2,136,181	2,325,819	2,665,056	3,105,564
1,886,696	1,960,279	1,866,341	1,788,792
266,310	327,228	344,946	350,918
<u>20,647,676</u>	<u>21,071,156</u>	<u>22,303,319</u>	<u>24,972,895</u>
<u>\$ 71,062,782</u>	<u>\$ 73,930,676</u>	<u>\$ 75,755,579</u>	<u>\$ 82,350,386</u>
\$ 3,859,945	\$ 4,786,182	\$ 5,032,372	\$ 4,985,949
2,490,350	2,302,388	1,981,677	2,376,002
665,860	550,375	496,673	458,669
893,850	865,648	959,100	934,114
396,838	383,077	249,152	226,376
1,301,829	1,494,866	1,644,549	1,559,571
777,899	-	-	-
<u>10,386,571</u>	<u>10,382,536</u>	<u>10,363,523</u>	<u>10,540,681</u>
3,146,627	3,930,593	3,186,231	3,576,342
1,079,263	1,163,612	873,030	626,971
<u>14,612,461</u>	<u>15,476,741</u>	<u>14,422,784</u>	<u>14,743,994</u>
19,659,036	20,989,462	20,039,667	21,429,384
2,215,151	2,516,001	2,570,487	2,659,002
1,909,576	1,850,882	1,747,139	1,779,515
275,334	290,194	295,731	309,329
602,074	5,090	6,870	617,778
41,939	719,412	2,753,092	70,713
<u>24,703,110</u>	<u>26,371,041</u>	<u>27,412,986</u>	<u>26,865,721</u>
<u>\$ 39,315,571</u>	<u>\$ 41,847,782</u>	<u>\$ 41,835,770</u>	<u>\$ 41,609,715</u>
\$ (35,802,645)	\$ (37,382,779)	\$ (39,029,476)	\$ (42,633,497)
4,055,434	5,299,885	5,109,667	1,892,826
<u>\$ (31,747,211)</u>	<u>\$ (32,082,894)</u>	<u>\$ (33,919,809)</u>	<u>\$ (40,740,671)</u>
\$ 26,898,481	\$ 27,578,249	\$ 27,744,049	\$ 28,573,797
9,350,955	9,251,499	8,873,213	8,228,312
1,938,968	2,068,262	998,889	449,343
30,958	-	-	-
806,267	676,770	-	-
299,913	287,712	1,562,187	862,817
1,287,709	689,516	631,647	2,540,203
<u>40,613,251</u>	<u>40,552,008</u>	<u>39,809,985</u>	<u>40,654,472</u>
602,023	368,647	147,023	228,934
-	-	-	-
22,143	28,197	583,880	278,324
<u>(1,287,709)</u>	<u>(689,516)</u>	<u>(631,647)</u>	<u>(2,540,203)</u>
(663,543)	(292,672)	99,256	(2,032,945)
<u>\$ 39,949,708</u>	<u>\$ 40,259,336</u>	<u>\$ 39,909,241</u>	<u>\$ 38,621,527</u>
\$ 4,810,606	\$ 3,169,229	\$ 780,509	\$ (1,979,025)
3,391,891	5,007,213	5,208,923	(140,119)
<u>\$ 8,202,497</u>	<u>\$ 8,176,442</u>	<u>\$ 5,989,432</u>	<u>\$ (2,119,144)</u>

City of Royal Oak, Michigan
Financial Trends
Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 111,881	\$ 161,190	\$ 83,202	\$ 109,018
Unreserved	5,512,962	4,943,081	3,231,839	4,340,265
Total General Fund	<u>\$ 5,624,843</u>	<u>\$ 5,104,271</u>	<u>\$ 3,315,041</u>	<u>\$ 4,449,283</u>
All Other Governmental Funds				
Reserved	\$ 538,409	\$ 8,618,595	\$ 3,771,374	\$ 1,747,334
Unreserved, reported in:				
Special revenue funds	10,075,923	9,361,788	8,978,230	10,694,901
Debt service funds	600	396,657	544,725	680,823
Capital projects funds	1,624,613	1,251,034	1,826,137	1,402,123
Permanent fund	26,000	26,027	27,522	1,825
Total all other governmental funds	<u>\$ 12,265,545</u>	<u>\$ 19,654,101</u>	<u>\$ 15,147,988</u>	<u>\$ 14,527,006</u>
Total governmental funds	<u>\$ 17,890,388</u>	<u>\$ 24,758,372</u>	<u>\$ 18,463,029</u>	<u>\$ 18,976,289</u>

Source: City annual financial statements.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 121,270	\$ 107,957	\$ 106,943	\$ 129,315	\$ 131,224	\$ 164,319
<u>6,637,473</u>	<u>6,575,442</u>	<u>6,576,574</u>	<u>8,232,519</u>	<u>9,675,674</u>	<u>6,721,096</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>	<u>\$ 6,885,415</u>
\$ 474,760	\$ 292,457	\$ 430,082	\$ 405,082	\$ 1,000	\$ 1,000
12,160,318	13,044,833	14,652,413	15,105,248	14,189,386	15,339,796
1,046,485	1,437,900	1,765,680	1,385,001	34,911	30,222
3,056,376	494,641	266,930	278,527	163,965	246,066
28,353	3,318	3,896	21,158	10,278	9,924
<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>\$ 15,627,008</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>	<u>\$ 22,512,423</u>

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

	Fiscal Year Ended June 30			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 19,722,816	\$ 18,279,197	\$ 20,363,469	\$ 22,901,870
Licenses and permits	-	-	1,937,879	2,184,584
Federal grants	1,074,479	4,796,715	2,638,283	1,722,152
State grants	11,994,337	11,242,918	10,605,532	10,282,660
Charges for services (1)	5,591,129	5,883,450	3,567,137	4,363,152
Fines and forfeitures	-	-	3,417,929	3,705,665
Interest and rentals	1,770,235	853,598	671,312	512,219
Contributions and donations	-	-	103,896	536,753
Other revenue (1)	4,043,805	2,983,380	1,159,023	900,444
Total revenues	<u>44,196,801</u>	<u>44,039,258</u>	<u>44,464,460</u>	<u>47,109,499</u>
Expenditures				
General government	7,394,462	9,074,956	10,516,595	10,596,597
Public safety	15,167,627	16,125,179	17,708,881	17,078,156
Public works	17,999,418	14,437,564	17,583,547	15,058,320
Health and welfare (1)	1,761,875	1,990,068	488,231	447,452
Community and economic development	759,019	727,664	1,835,118	1,622,347
Recreation and culture	2,315,507	2,495,519	2,981,456	2,870,755
Debt service:				
Principal payments	2,430,000	180,000	485,000	500,000
Interest and paying agent fees	419,203	523,932	742,415	723,310
Total expenditures	<u>48,247,111</u>	<u>45,554,882</u>	<u>52,341,243</u>	<u>48,896,937</u>
Excess (deficiency) of revenues over (under) expenditures	(4,050,310)	(1,515,624)	(7,876,783)	(1,787,438)
Other Financing Sources (Uses)				
Bond proceeds	-	9,000,000	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	2,818,973	4,176,287	3,535,417	3,681,666
Transfers from component units	1,179,530	895,763	500,000	500,000
Transfers out	(2,853,261)	(5,688,468)	(3,499,863)	(2,075,086)
Sale of capital assets	-	-	42,980	194,118
Total other financing sources (uses)	<u>1,145,242</u>	<u>8,383,582</u>	<u>578,534</u>	<u>2,300,698</u>
Net change in fund balances	<u>\$ (2,905,068)</u>	<u>\$ 6,867,958</u>	<u>\$ (7,298,249)</u>	<u>\$ 513,260</u>
Debt service as a percentage of noncapital expenditures	6.33%	1.75%	2.58%	2.68%

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

Source: City annual financial statements

2005	2006	2007	2008	2009	2010
\$ 24,308,407	\$ 25,401,427	\$ 26,843,146	\$ 27,791,327	\$ 27,894,711	\$ 28,247,608
3,139,452	3,176,333	2,889,242	2,561,656	2,455,968	2,926,558
1,259,964	3,698,693	3,082,224	2,907,622	1,787,930	1,830,199
10,062,113	9,970,737	9,803,930	9,661,102	9,261,154	8,676,226
3,857,659	4,812,481	3,589,406	3,735,014	3,806,309	3,688,251
3,992,629	4,412,285	4,145,185	4,396,589	4,175,074	3,929,759
772,796	1,699,490	2,120,566	2,304,081	1,320,563	675,657
1,036,809	624,994	507,954	1,541,430	1,811,555	1,736,650
821,018	892,986	1,106,180	964,482	1,562,187	862,817
<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>	<u>52,573,725</u>
9,160,702	11,810,472	12,155,896	8,630,729	9,004,224	8,925,132
18,045,357	19,978,522	20,426,500	24,646,113	25,414,070	26,624,516
15,693,263	19,420,647	15,152,352	13,086,601	14,057,676	13,873,005
473,915	474,420	455,470	597,709	712,703	688,640
1,349,101	1,766,681	1,569,772	2,307,383	1,405,210	1,864,821
2,954,605	3,232,077	3,284,964	3,986,566	3,912,795	3,670,704
520,000	675,000	715,000	830,000	865,000	910,000
692,014	817,317	772,931	776,549	710,111	689,500
<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>	<u>57,246,318</u>
361,890	(3,485,710)	(445,052)	1,001,653	(2,006,338)	(4,672,593)
3,700,000	5,680,000	825,000	-	-	-
-	(5,581,777)	-	-	-	-
5,974,462	9,824,549	4,992,029	3,445,684	6,058,933	9,250,201
-	-	-	-	-	-
(5,525,801)	(8,073,240)	(3,556,965)	(2,693,004)	(5,403,007)	(6,271,623)
38,195	67,691	30,958	-	-	-
<u>4,186,856</u>	<u>1,917,223</u>	<u>2,291,022</u>	<u>752,680</u>	<u>655,926</u>	<u>2,978,578</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>	<u>\$ (1,694,015)</u>
2.79%	3.10%	3.00%	3.10%	2.98%	3.09%

**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)		
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	
2009	2010	1,859,817,935	413,633,900	57,320,450	-	2,330,772,285	

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

Source: City Assessor's records.

Personal Property Taxable Value			Total Taxable Value	Direct Tax Rate (mills)	Assessed Value (Including IFTs)	Taxable as a % of Assessed Value
Personal	Industrial Facilities Tax (IFT)	Total Personal				
\$ 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	11.4366	2,991,369,550	82.25%
111,014,890	4,908,820	115,923,710	2,446,695,995	11.6860	2,813,076,355	86.98%

**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			
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
2009	2010	7.3947	0.0216	2.0164	0.9965	0.9597	0.2971	11.6860

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		
2009	2010	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.

County Taxes (2)	Overlapping Taxes			Total Tax Rate	Overlapping Taxes Royal Oak Schools (3)		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.	
4.9714	2.0752	1.6109	6.0000	26.5632	8.7700	21.6000	35.3332	48.1632	1.7452
4.9645	3.4526	1.5952	6.0000	26.4282	8.6500	21.5028	35.0782	47.9310	1.7453
5.2523	3.4224	1.6090	6.0000	27.2838	8.1500	21.2061	35.4338	48.4899	1.7156
5.2471	3.3991	1.5983	5.0000	27.0425	7.8000	20.6061	34.8425	47.6486	1.7156
5.2438	3.3789	1.5889	6.0000	28.1672	7.5000	21.2061	35.6672	49.3733	1.7156
5.2411	3.3690	1.5844	6.0000	27.9761	6.0130	20.3161	33.9891	48.2922	1.6831
5.2361	3.3690	1.5844	6.0000	27.8596	7.7030	22.7100	35.5626	50.5696	1.6831
5.2361	3.3690	1.5844	6.0000	27.6261	7.6057	22.7100	35.2318	50.3361	1.6831
5.3361	3.3690	1.5844	6.0000	27.7228	7.4095	22.7100	35.1323	50.4328	1.6477
5.3361	3.3690	1.5844	6.0000	27.9755	7.3521	22.7100	35.3276	50.6855	1.6477

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

Taxpayer	Assessment Year					
	2000			2009		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Spirit Holdings / Form Tech				\$ 20,030,990	1	0.82%
Detroit Edison	\$ 23,644,350	2	1.48%	18,446,510	2	0.75%
Beaumont Hospital	13,974,600	5	0.88%	17,371,970	3	0.71%
Amber Equities, LLC			-	12,614,880	4	0.52%
Flex-N-Gate			-	10,460,210	5	0.43%
Co-op Services	8,370,940	7	0.52%	10,248,050	6	0.42%
H2 Royal Oak, LLC				10,083,590	7	0.41%
Consumer's Energy	10,537,580	6	0.66%	9,845,680	8	0.40%
Main Eleven R.O.			-	8,720,800	9	0.36%
Meijer, Inc.	6,982,510	9	0.44%	8,523,330	10	0.35%
Masco	24,548,020	1	1.54%			-
First of America	16,221,090	3	1.02%			-
Hawthorn Metal	15,647,300	4	0.98%			-
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%	111,927,720		4.57%
Total taxable value of all other taxpayers	1,463,318,843		91.66%	2,334,768,275		95.43%
Total taxable value of all taxpayers	<u>\$ 1,596,378,517</u>		<u>100.00%</u>	<u>\$ 2,446,695,995</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
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%
2009	2010	28,304,183	28,177,662	99.55%	25,167	28,202,829	99.64%

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**

	2001	2002	2003	2004
Governmental Activities				
General obligation bonds	\$ 7,155,000	\$ 15,975,000	\$ 15,490,000	\$ 14,990,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Capital leases	-	-	-	-
Loans & other contractual obligations	-	-	-	-
Total	7,155,000	15,975,000	15,490,000	14,990,000
Business-type Activities				
General obligation bonds	30,089,872	27,412,387	25,517,387	24,437,387
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Loans and Contractual obligations	6,983,973	17,866,420	23,320,729	31,280,486
Total	37,073,845	45,278,807	48,838,116	55,717,873
Component Unit Activities				
General obligation bonds	950,000	875,000	800,000	725,000
Loans and Contractual obligations	1,400,000	-	-	-
Total	2,350,000	875,000	800,000	725,000
Total debt of the City	<u>\$ 46,578,845</u>	<u>\$ 62,128,807</u>	<u>\$ 65,128,116</u>	<u>\$ 71,432,873</u>
Total taxable value	\$ 1,661,623,825	\$ 1,752,289,449	\$ 1,851,748,079	\$ 1,994,371,299
Ratio of total debt to taxable value	2.80%	3.55%	3.52%	3.58%
Total population	59,707	59,223	58,834	58,485
Total debt per capita	\$780	\$1,049	\$1,107	\$1,221

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

	2005	2006	2007	2008	2009	2010
\$	18,170,000	\$ 17,700,000	\$ 17,810,000	\$ 19,625,000	\$ 19,850,000	\$ 18,610,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	18,170,000	17,700,000	17,810,000	19,625,000	19,850,000	18,610,000
	23,327,387	23,757,387	22,437,387	21,047,387	30,132,387	28,317,387
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	32,744,671	32,447,026	31,164,996	29,946,268	30,149,462	29,280,006
	56,072,058	56,204,413	53,602,383	50,993,655	60,281,849	57,597,393
	625,000	525,000	425,000	300,000	150,000	-
	-	-	-	-	-	-
	625,000	525,000	425,000	300,000	150,000	-
\$	74,867,058	\$ 74,429,413	\$ 71,837,383	\$ 70,918,655	\$ 80,281,849	\$ 76,207,393
\$	2,038,953,627	\$ 2,157,426,170	\$ 2,303,209,010	\$ 2,439,636,660	\$ 2,446,695,995	\$ 2,446,695,995
	3.67%	3.45%	3.12%	2.91%	3.28%	3.11%
	58,279	57,984	55,777	54,903	54,365	56,133
	\$1,285	\$1,284	\$1,288	\$1,292	\$1,477	\$1,358

**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				
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
2010	12,295,000	6,315,000	30,222	-	18,579,778	2,446,695,995	0.76%	56,133	331

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, 2010**

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 76,207,393	\$ 44,452,393	\$ 31,755,000	\$566	2.19%
Overlapping Debt:		City share as % of Gross (1)	Net City Share		
Royal Oak School District	75,590,000	96.38%	72,853,642		
Berkley School District	25,625,000	1.96%	502,250		
Clawson School District	25,570,000	1.18%	301,726		
Oakland County at large	97,719,000	3.79%	3,703,550		
Okland Intermediate School District	64,735,000	3.80%	2,459,930		
Oakland County Community College	6,005,000	3.82%	229,391		
Total Overlapping Debt	295,244,000		80,050,489	\$1,426	5.51%
Total Direct and Overlapping Debt	<u>\$ 371,451,393</u>		<u>\$ 111,805,489</u>	<u>\$1,992</u>	<u>7.69%</u>

(1) Percent obtained from Municipal Advisory Commission of Michigan (as of 2009)

Source: Various taxing authorities

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

As of June 30	2001	2002	2002	2004
Valuation base				
State equalized valuation - excluding IFT values	\$ 2,074,699,490	\$ 2,209,484,430	\$ 2,439,739,530	\$ 2,602,654,075
Plus: equivalent valuation of Act 198 exemptions	9,846,963	13,614,260	10,456,211	5,985,120
Total valuation	<u>\$ 2,084,546,453</u>	<u>\$ 2,223,098,690</u>	<u>\$ 2,450,195,741</u>	<u>\$ 2,608,639,195</u>
Legal debt limitation - 10% of total valuation	\$ 206,977,600	\$ 220,267,730	\$ 243,451,142	\$ 259,966,151
Calculation of debt subject to limit:				
Debt outstanding	46,403,753	61,960,931	65,128,116	71,432,873
Less: Bonds not subject to limit	(18,972,592)	(29,601,232)	(34,469,219)	(41,917,168)
Net debt subject to limit	<u>26,311,161</u>	<u>32,359,699</u>	<u>30,658,897</u>	<u>29,515,705</u>
Additional Debt which can be legally incurred	<u>\$ 180,666,439</u>	<u>\$ 187,908,031</u>	<u>\$ 212,792,245</u>	<u>\$ 230,450,446</u>
Non-exempt debt as a percent of debt limit	1.26%	1.46%	1.25%	1.13%

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 general obligations of the City; revenue bonds payable from revenue 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, 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 combinedsewer 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.

2005	2006	2007	2008	2009	2010
\$ 2,746,054,460	\$ 2,871,525,690	\$ 3,012,515,470	\$ 3,114,268,450	\$ 2,986,475,590	\$ 2,808,167,535
577,080	265,640	3,177,250	4,931,860	4,893,960	4,908,820
<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>	<u>\$ 2,813,076,355</u>
\$ 274,576,592	\$ 287,139,287	\$ 301,092,684	\$ 311,920,031	\$ 299,136,955	\$ 281,307,636
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)	76,207,393 (44,452,393)
32,003,000	29,063,409	27,564,048	27,040,000	33,885,000	31,755,000
<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>	<u>\$ 249,552,636</u>
1.17%	1.01%	0.91%	0.87%	1.13%	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		
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%	
2010	21,751,452	16,101,596	5,649,856	2,681,982	1,246,379	3,928,361	144%	

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
2001	28,893	59,707	\$47,470	\$2,834,291	*	6,634	37,840	2.7%	5,144	5.2%
2002	28,902	59,223	48,342	2,862,958	*	6,555	36,971	3.2%	5,040	6.2%
2003	28,712	58,834	49,395	2,906,105	*	6,311	36,471	3.4%	5,033	7.1%
2004	28,678	58,485	50,337	2,943,959	38.6	6,017	36,205	3.5%	5,043	7.1%
2005	28,722	58,279	51,866	3,022,699	36.2	5,726	36,009	3.5%	5,063	6.8%
2006	28,760	57,984	52,645	3,052,568	39.3	5,496	35,684	3.5%	5,071	6.9%
2007	28,889	55,777	55,207	3,079,281	39.5	5,301	35,342	3.8%	5,038	7.1%
2008	28,674	54,903	53,650	2,945,546	39.9	5,270	34,503	4.4%	4,976	8.3%
2009	28,601	54,365	53,650	2,916,682	40.1	5,489	33,082	8.2%	4,889	13.6%
2010	27,639	56,133	53,650	3,011,535	40.6	5,528	33,222	8.4%	4,852	13.8%

Source:

- * Information not available
- (1) U.S. Census and SEMCOG
- (2) 2001-2008 U.S. Department of Commerce, Bureau of Economic Analysis, Regional Barfactrs for Oakland County, MI. 2009-2010 Estimated using last year available.
- (3) U.S. Census 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 and it is on a calendar basis. Current year is as of September.

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

Company Name	Product/Service	1999			2010		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	8,700	1	20.31%	13,694	1	41.22%
Royal Oak School District	Education	666	4	1.55%	607	2	1.83%
Global Automotive Systems	Automotive supplier				502	3	0.13%
Oakland Community College	Education	390	6	0.91%	470	4	1.41%
City of Royal Oak	Municipality	390	6	0.91%	461	5	1.39%
Flex-N-Gate Royal Oak	Automotive supplier		-		350	6	0.55%
Kroger			-		260	7	0.30%
Meijer, Inc.	Retailer/grocery store	835	3	1.95%	250	8	0.76%
Detroit Zoological Society	Zoo		-		215	9	0.64%
Holiday Market	Grocery store			-	160	10	0.91%
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		13,081		30.54%	16,969		51.08%

Note: Comparable information is not available for FY 2000.

Sources: Oakland County Planning and Economic Department

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

<u>Function / Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
City hall	1	1	1	1	1	1	1	1	1	1
Courthouse	1	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	32	33	32	32	31	29	29	27
Other police vehicles	21	21	23	23	23	21	15	16	16	13
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	9	9	8	8	8	8	8	8
Ambulance vehicles	4	6	4	4	4	4	4	4	4	4
Mobile command center	-	-	-	-	-	1	1	1	1	1
Public Parking										
Spaces	3,250	3,459	3,464	3,719	3,557	3,445	3,445	3,424	3,678	3,678
Decks	1,041	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
Lots	1,036	862	867	923	923	778	821	1,092	1,244	1,380
Streets	682	690	690	696	675	757	757	750	766	766
Meters	1,859	1,693	1,693	1,760	1,739	1,676	1,717	1,950	2,010	2,151
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	115,217	111,080	117,596	131,989	139,309	132,186	139,843	153,499	175,713	185,301
Public computers	23	23	23	23	23	36	36	36	36	36
Roads and Sidewalks										
Miles of major streets	*	*	*	*	*	*	64.40	64.40	64.40	64.40
Miles of local streets	*	*	*	*	*	*	148.27	148.27	148.27	148.27
Miles of sidewalk	*	*	*	*	*	*	420	420	420	420
Utilities										
Water										
Miles of water main	*	215	215	215	215	215	215	215	215.50	215.50
Miles of sewer	*	357	357	357	357	357	357	357	357.70	357.70
Number of hydrants	*	2042	2049	2054	2057	2062	2064	2064	2070	2070
Forestry										
Number of trees in rights-of-way	*	*	*	*	*	*	21,138	23,121	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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Election data (calendar year)										
Registered voters	51,714	48,849	48,700	49,605	47,098	46,047	46,111	47,881	48,374	*
Elections held	4	3	2	3	3	3	1	3	1	*
Voters (at the polls or absentee)	11,455	24,575	10,808	35,204	16,645	27,746	8,222	35,357	8,553	*
Percent voting	22.2%	50.3%	22.2%	71.0%	35.3%	60.3%	17.8%	73.8%	17.7%	*
Vital Records (calendar year)										
Birth	6,787	6,825	7,114	6,658	6,230	6,094	6,107	5,975	8,404	*
Death	2,011	1,990	1,947	2,016	1,994	1,995	2,143	2,046	2,017	*
District Court										
Number of court cases by judges	4,408	6,297	7,402	6,934	6,946	7,689	7,404	7,768	7,928	*
Number of court cases by magistrates	4,567	6,976	8,818	8,233	9,441	10,725	8,463	9,926	8,190	*
Number of traffic tickets handled	13,555	15,130	28,091	23,940	25,503	27,157	28,146	24,626	20,692	*
Number of criminal cases handled	1,625	1,922	2,589	2,020	2,861	2,706	2,986	4,376	3,354	*
Number of civil cases handled	2,160	2,299	2,722	2,666	2,430	2,662	2,765	3,138	3,288	*
Number of parking tickets handled	59,291	61,039	72,772	90,700	81,211	68,526	86,140	91,226	77,403	*
Assessing										
Parcels (tax / calendar year)	22,909	23,029	23,053	23,209	23,328	24,172	24,280	27,867	27,754	27,632
Documents processed (prior to 2008 PTAs only)	1,415	1,184	1,128	1,358	1,033	864	841	3,344	1,254	1,194
Building and Safety										
Permits issued	1,044	2,053	2,012	1,907	1,730	1,522	1,375	1,289	564	1,636
Estimated permit value (\$000)	\$165,812	\$50,060	\$54,410	\$83,172	\$106,404	\$109,009	\$53,464	\$53,075	\$6,859	\$34,772
Police (calendar year, 2009 through June 30)										
Calls for service	31,365	30,717	32,669	33,077	34,340	33,733	31,743	32,140	31,602	*
Group A offenses	3,462	3,277	3,401	3,286	3,635	3,899	3,776	3,616	3,242	*
Group B offenses	1,384	1,296	1,496	1,769	2,260	2,205	2,621	2,590	2,478	*
Traffic violations issued	11,869	22,695	21,884	23,832	23,236	26,956	21,635	20,934	17,212	*
Parking violations issued	*	*	*	*	80,314	67,519	92,136	79,776	86,322	*
Fire										
Fire runs	1,358	1,281	1,484	1,510	1,585	1,492	1,620	1,869	1,532	1,625
Emergency medical runs	3,434	3,388	3,518	3,608	3,648	3,573	3,590	3,951	3,828	3,537
Inspections	*	*	*	*	165	259	261	271	291	513
Human Resources										
Employment applications - full & part-time	926	1,844	489	975	1,383	985	986	329	548	332
Hires, position changes, retirements, terminations	78	99	67	89	55	64	45	61	49	78
Workers' comp. claims filed - medical & indemnity	114	119	123	102	93	59	62	83	64	66
Health insurance enrollees - Employees	*	346	350	340	330	321	311	300	287	293
Health insurance enrollees - Retirees	*	379	369	382	387	386	389	380	379	391

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Library (The library was closed for eight months in FY 2006 during remodeling.)										
Cardholders - new registrations	*	*	*	*	*	*	*	4,415	4,860	4,620
Cardholders - total registrations	23,087	22,817	22,656	23,894	27,077	29,812	24,364	25,771	28,166	30,700
Circulation - number of transactions	218,612	201,409	249,277	259,987	233,555	155,864	336,445	360,333	405,067	423,356
Number of visitors	257,592	249,140	257,121	252,705	232,888	75,000	296,578	481,986	618,279	653,482
Number of computer uses	28,600	24,388	38,428	33,888	38,902	31,037	104,043	97,482	77,910	65,858
Number of programs/events offered	*	*	*	*	*	*	345	435	549	532
Number of program/event attendees	*	*	*	*	*	*	9,513	13,180	15,862	14,664
Parks and recreation										
Ice rental and other use (hours per calendar year)	*	*	8,153	7,927	7,269	7,702	7,458	7,496	7,820	*
Recreation program participants	*	*	*	*	11,694	12,527	15,124	15,756	16,208	16,548
Golf Course										
Rounds of Golf - Normandy Oaks	*	*	*	*	*	*	15,107	17,230	16,136	14,224
Rounds of Golf - Royal Oak	*	*	*	*	*	*	25,883	27,140	26,017	24,354
Senior Programs										
Senior activity sessions	*	*	5,501	5,500	4,654	4,585	4,000	3,794	3,879	4,019
Senior activity participants	*	*	115,610	115,000	103,699	98,685	70,909	93,275	95,832	96,549
Senior meals served on-site and delivered	*	*	36,983	33,320	37,439	55,712	62,100	42,168	34,010	34,496
Senior transportation trips	*	*	16,320	17,839	17,757	17,321	18,000	18,120	18,690	16,755
Senior AGE program - Service Hours	*	*	15,000	23,500	24,000	24,000	24,000	24,000	24,000	19,675
Senior ROSES program in-home support jobs	*	*	*	3,297	2,995	2,300	2,000	2,045	2,542	2,617
Public Works / Engineering										
Miles of street resurfaced	7.99	9.02	8.17	7.44	0.69	0.46	0.00	2.11	3.00	2.60
Square feet of sidewalk - removed & replaced	277,183	236,280	247,653	329,240	230,710	329,738	*	22,364	31,000	22,400
Square feet of sidewalk - new	4,731	28,732	20,389	14,879	35,628	55,311	*	9,973	1,000	1,100
Curbside refuse collected (tons)	*	*	31,785	32,403	30,185	28,620	27,778	28,690	24,939	23,587
Curbside compost collected (tons)	*	*	11,073	9,739	8,830	6,706	9,006	10,829	10,432	10,337
Curbside recyclables collected (tons)	*	*	4,244	4,279	4,069	3,477	3,043	3,415	3,654	3,754
Leaf collection (tons)	*	*	7,005	6,611	6,662	9,680	3,900	5,125	3,643	3,256
Feet of watermain - replaced	2,421	1,792	428	3,620	3,892	3,830	3,693	8,373	9,765	8,259
Feet of watermain - new	202	4,200	0	270	1,395	306	1,165	1,160	2,333	667
Feet of sewer - replaced	3,318	245	0	612	0	3,111	579	1,625	1,967	273
Feet of sewer - new	427	1,638	0	95	0	0	1,708	2,155	989	666
Utilities - Water and Sewer										
Number of customers billed	23,563	23,584	23,605	23,669	23,743	23,802	23,848	23,873	23,894	23,892
Water units purchased (100 cubic feet)	*	349,899,600	349,899,600	318,265,000	308,870,900	315,553,300	332,034,800	293,807,500	278,193,100	260,659,900
Water units billed (100 cubic feet)	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	247,389,000
Wastewater units disposed (100 cubic feet)	*	*	*	*	*	311,874,000	302,249,700	293,592,500	277,958,800	264,178,600

Source: City Departments
Note: * Information not available

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

Function/Program	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
44th District Court/Probation	20	22	23	23	23	22	22	22	22	22
Administrative Services										
Manager	3	3	3	3	2	2	2	2	2	2
Attorney	4	4	4	4	4	5	4	5	4	4
City Clerk	7	7	7	7	7	4	4	4	4	6
Human Resources	5	5	4	5	4	4	4	4	4	4
Building	18	19	12	12	12	11	11	11	11	8
Code Enforcement	-	-	7	7	7	6	5	5	4	6
Engineering	11	12	12	12	9	11	10	10	10	10
Planning	5	5	5	5	5	6	5	5	5	4
Block Grant	-	3	3	3	3	3	3	3	2	1
Housing	-	2	2	2	2	2	2	2	1	2
Finance Group	7	7	7	7	6	6	6	6	6	6
Assessing	5	5	5	5	5	5	4	4	4	4
Purchasing	1	1	1	1	1	1	1	1	1	-
Treasurer	5	5	5	5	5	5	5	5	5	4
Water Billing	2	2	1	2	2	2	2	2	1	1
Information Systems	5	5	6	6	6	6	6	6	4	4
Subtotal	77	84	83	85	79	79	74	75	68	66
Library	14	15	15	15	15	12	14	13	13	12
Public Safety										
Police	122	122	123	123	117	107	106	107	103	98
Fire	72	72	72	72	68	70	65	63	63	62
Subtotal	194	194	195	195	185	177	171	170	166	160
Recreation & Public Services										
Public Service										
Parks & Forestry	16	16	16	16	14	13	8	8	8	8
CH Building Maintenance	3	2	2	2	2	2	2	2	2	2
Highway	23	22	23	23	20	14	16	16	14	14
Motor Pool	12	12	12	12	12	12	12	12	11	11
Electrical	2	2	2	2	2	2	2	1	1	1
Solid Waste	1	1	-	-	1	1	1	1	1	2
Water Maintenance	9	9	9	9	9	8	9	9	9	8
Water Meter Services	6	6	6	6	6	6	6	6	6	6
Sewer Maintenance	10	10	10	10	10	9	9	9	9	8
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	4	4	2	4	4	3	2	2	2	2
Ice Arena	1	1	-	1	1	1	1	1	1	1
Senior Services	2	2	2	2	2	2	2	2	2	2
Subtotal	91	90	87	90	86	76	73	72	69	68
Total	396	405	403	408	388	366	354	352	338	328

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

Source: City Finance Department