



CITY OF ROYAL OAK
Comprehensive Annual
Financial Report
Fiscal Year Ending June 30, 2011



CITY OF ROYAL OAK, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2011

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, 2011**

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LETTER OF TRANSMITTAL

December 19, 2011

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

In accordance with accounting principles generally accepted in the United States, the administration is submitting the Comprehensive Annual Financial Report (CAFR) of the City of Royal Oak, Michigan for the fiscal year ended June 30, 2011. The City of Royal Oak Charter and State statute require that the City of Royal Oak issue a report annually, within six months of the close of each fiscal year, on its financial position and activity, and that this report be audited by an independent firm of licensed certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City's management. City management has established a balanced internal control framework that is designed both to protect the government's assets from theft, misuse, and loss and to accumulate sufficient reliable information for the preparation of the City's financial statements in compliance with GAAP (Generally Accepted Accounting Principles). Due to the understanding that the cost of internal controls should not outweigh the benefit, the City's internal control methods have been designed to provide reasonable assurance that the financial statements are free from material misstatements. 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.

The financial statements and supplemental schedules contained in the financial section herein have been independently audited by Rehmann Robson, Certified Public Accountants. The City has received an unqualified opinion for the June 30, 2011 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. The independent auditor's report is located prior to the MD&A (Management Discussion & Analysis) letter.

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 57,000 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, community oriented shopping experience. City parking lots and structures provide visitors with a user friendly centralized parking system.

The City offers a variety of recreational and cultural activities, which enhances the quality of life for residents and 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, galleries and festival-like events. 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 second year, the City hosted the annual Arts, Beats & Eats festival during Labor Day weekend, attracting hundreds of thousands of visitors.

The City's recreational services include over 50 public neighborhood parks, 30 baseball fields, a public 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 to retain better residential and commercial property values in the City of Royal Oak. The amenities help to make the City "a dynamic balance of progressive vision and traditional values, offering an inviting, premiere and diverse community"* for residents and visitors. **City's vision statement*

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 staggered 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 Demographics

The City of Royal Oak is a mature and mostly developed community experiencing redevelopment. New development was very strong earlier this decade emphasizing in-fill and redevelopment of business buildings and houses, unfortunately this has slowed more recently.

The City's assessed taxable value for residential property is nearly 75%, 18% commercial property, 2% industrial and 5% personal property. The industrial and residential values have vacant parcels and their values are included in these percentages. Nine industrial parcels (or 0.5% of industrial taxable value) are vacant. Three hundred twenty seven residential parcels (or 0.13% of residential taxable value) are vacant.

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.

Royal Oak's work force is approximately 30,200 persons with per household personal income at approximately \$53,000. The unemployment rate as of September 2011 was 6.4% compared favorably to the state rate of 11.1%. The outlook is looking more favorable for the region, due to the positive business news regarding increased sales and projected profits for domestic automakers.

The Budget and Capital Improvement Plan

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 three years of general financial projections. For each fund, a summary table shows beginning fund balance, projected revenue, projected expenditures, projected transfers, and projected ending fund balance for each year of the five year projected period. The budget reports the use of over \$7 million of General Fund fund balance in the next three years. Fortunately, due to the fewer number of retirements being paid out for leave bank in fiscal year 10/11, fund balance is higher than estimated and the depletion of fund balance now may be pushed out another year, depending on the timing of actual retirements. The current budget provides that the General Fund is projected to be in a negative fund balance in fiscal year 13/14, however a negative fund balance is not allowable, therefore the City will need to find an additional funding source and/or further cut expenditures.

The Ice Arena ended the year in a \$291,791 negative unrestricted net asset position. As provided in the deficit elimination plan developed after the delivery of last year's audit, this fund is intended to be out of its deficit position by the end of fiscal year 11/12, mostly due to the anticipation of increased revenues that are planned to be generated by the recently hired ice rink management firm, in addition to the retirement of a large bond payment in fiscal year 10/11. The State Construction Fund, DDA Fund and Recreation Fund have ended the year in positive position, which is an improvement from earlier years ending in negative fund balance or negative net asset positions.

This year the City prepared a more comprehensive Capital Improvement Plan (CIP). The CIP was adopted by the Planning Commission prior to the end of the fiscal year 11/12 budget process. This capital project plan is also included in the budget document. The CIP includes all of the planned capital projects and reports the possible sources of funding by project for the next six years. The next years CIP plan document hopes to provide more refined analysis on future costs and savings from capital projects.

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 fiscal year 10/11 budget with the understanding that they would be deviating from the Fund Balance Policy in the long-term, however they did not wish to change the

policy language. *The specific policies can be reviewed in the Budget Highlight section of the budget document.*

Internal Controls

Management of the City is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). 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; however due to the recent downsizing of the Finance Office this is becoming extremely difficult to accomplish.

Budgeting Controls

The object of budgetary controls is to ensure compliance with legal provisions embodied in the City Commission's approved budget and State requirements.

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 the implementation of a new integrated financial management system in late 2011, we hope to have better information for managerial purposes and better budgetary control which includes executing point of sale revenue recording (as opposed to monthly), easy "drill-down" capability for detail on all general ledger accounts, and increased use of encumbrance accounting.

Grants

The City took advantage of nearly \$1 million in multi-year grants as a source of revenue this past year. The City was able to obtain \$270,685 for the Energy Efficiency and Conservation Block Grant Program (EECBG), \$281,432 for the Neighborhood Stabilization Program (NSP), \$286,392 for the Homelessness Prevention and Rapid Re- Housing Program (HPRP), and \$159,920 for the Early Retiree Reinsurance Program (ERRP). The City will be receiving \$214,473 from the Staffing For Adequate Fire & Emergency Response Grant (SAFER) for reimbursement for firefighters wages and benefits worked in late fiscal year 10/11. Over the next two fiscal years, the City is expected to receive additional \$1.3 million from the SAFER grant.

City-Wide Savings

Major labor settlements have occurred with all of the general employee labor units. Concessions from the groups have been equivalent to exceeding 15 percent of wages or over \$1.5 million the first full year. Most of the general employee labor groups are in the second year of continued concessions. The Fire Fighters and Police labor units have not agreed upon equivalent concessions in recent years, however City Officials are hopeful that there will be agreements soon. In addition to the wage and benefit concessions taken by the non-public safety employees, the number of budgeted full-time employees is down by 94 or over 25% in the last six years.

In the past year, the City has also approached its vendors, asking them to voluntarily take concessions on the products and services charged to the City. There has been some success with this project however the response was not as successful as hoped. We received approximately 50 vendor responses and a handful has been willing to lower their pricing further.

The International City/County Management Association (ICMA) has been contracted by the City to perform a police and fire study. This study will include an analysis of the service and workload of these departments with a focus on how to deliver the services in the most cost effective manner. The study recommendations are expected to be reported in the upcoming months.

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 and not to repeat, 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.

Awards and 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, 2010. 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 FY2010/11. 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 Rudd
Director of Finance

Approved,



Donald E. Johnson
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Royal Oak
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



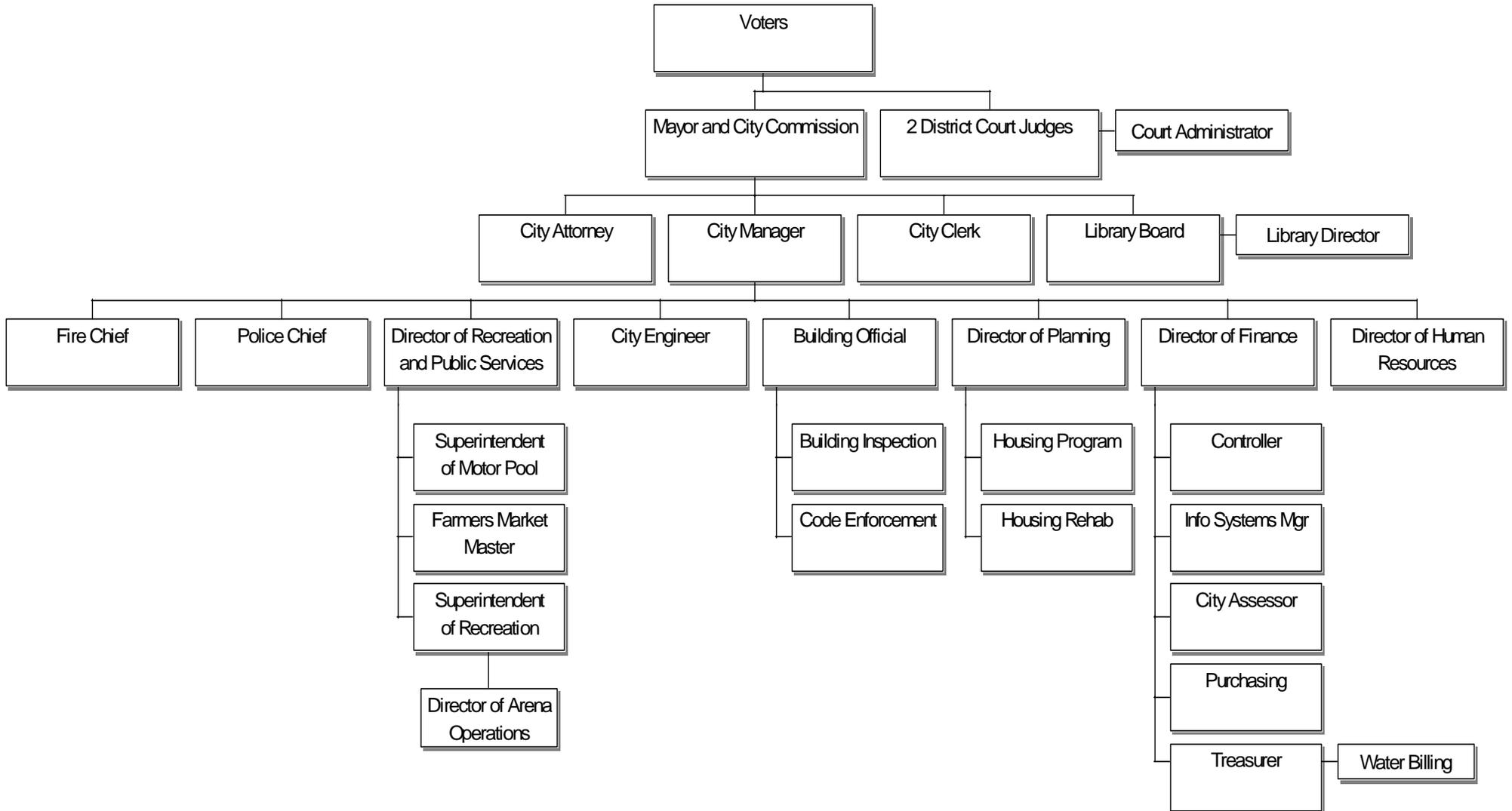
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Organization Chart



**City of Royal Oak
Principal Officials
As of June 30, 2011**

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
Director of Human Resources	Mary Jo DiPaolo
Director of the Library	Mary Karshner
Manager of Information Systems	Scott L. Newman
Interim Police Chief	Corrigan O'Donohue
Superintendent of Recreation	Tod A. Gazetti

INDEPENDENT AUDITORS' REPORT

December 19, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Royal Oak, Michigan (the "City")*, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Royal Oak, Michigan*, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund, solid waste fund, and community development block grant fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 19, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Lehmann Johnson". The signature is written in black ink and is centered on the page.

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, 2011. 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 \$220,637,976 (*net assets*). Of this amount, \$16,924,424 (*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 \$2,080,406 as compared to a \$2,119,144 decrease 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 \$22,303,947. Approximately 23 percent of this total amount, \$5,221,748 is unassigned, all in the general fund.

At the end of the current fiscal year, the \$5,221,748 of unassigned fund balance for the general fund was 15 percent of total general fund expenditures. The City's current fund balance policy is to maintain unassigned at ten percent of budgeted expenditures but no more than twenty five percent of budgeted expenditures.

General fund tax revenue decreased by \$1,256,223 or 6.8% and total City tax revenue declined \$1,866,169 or 6.6% due to lower taxable valuations.

Total Governmental Fund expenditures decreased by \$4,149,682 or 7.2% and general fund expenditures decreased by \$1,719,505 or 4.7% due to lower personnel costs including less monies contributed toward the OPEB (Other Post Employment Benefits) trust which is the City's retiree healthcare trust.

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 two 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, information systems management, self-insured workers compensation, healthcare (BCBS) self-insurance and general liability/property self-insurance. Due to all of these services predominantly benefiting 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 \$220,637,976 at the close of the most recent fiscal year.

By far the largest portion of the City of Royal Oak's net assets (85 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 residents and businesses; 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* (\$16,924,424) may be used to meet the government's ongoing obligations to residents and creditors, a decrease of \$4,721,287 or 20.4% from 2010.

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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$42,234,695	\$42,341,217	\$20,549,960	\$18,960,339	\$62,784,655	\$61,301,556
Capital assets	137,207,029	140,039,609	117,215,258	117,331,527	254,422,287	257,371,136
Total assets	179,441,724	182,380,826	137,765,218	136,291,866	317,206,942	318,672,692
Long-term liabilities outstanding	30,978,357	26,400,649	54,574,083	58,000,767	85,552,440	84,401,416
Other liabilities	9,091,964	9,760,625	1,924,562	1,792,269	11,016,526	11,552,894
Total liabilities	40,070,321	36,161,274	56,498,645	59,793,036	96,568,966	95,954,310
Net assets:						
Invested in capital assets, net of related debt	120,155,093	121,736,526	67,776,260	64,238,153	187,931,353	185,974,679
Restricted	15,782,199	15,097,992	-	-	15,782,199	15,097,992
Unrestricted	3,434,111	9,385,034	13,490,313	12,260,677	16,924,424	21,645,711
Total net assets	\$139,371,403	\$146,219,552	\$81,266,573	\$76,498,830	\$220,637,976	\$222,718,382

The City's net assets decreased by \$2,080,406 during the current fiscal year as compared to a \$2,119,144 decrease in the previous year.

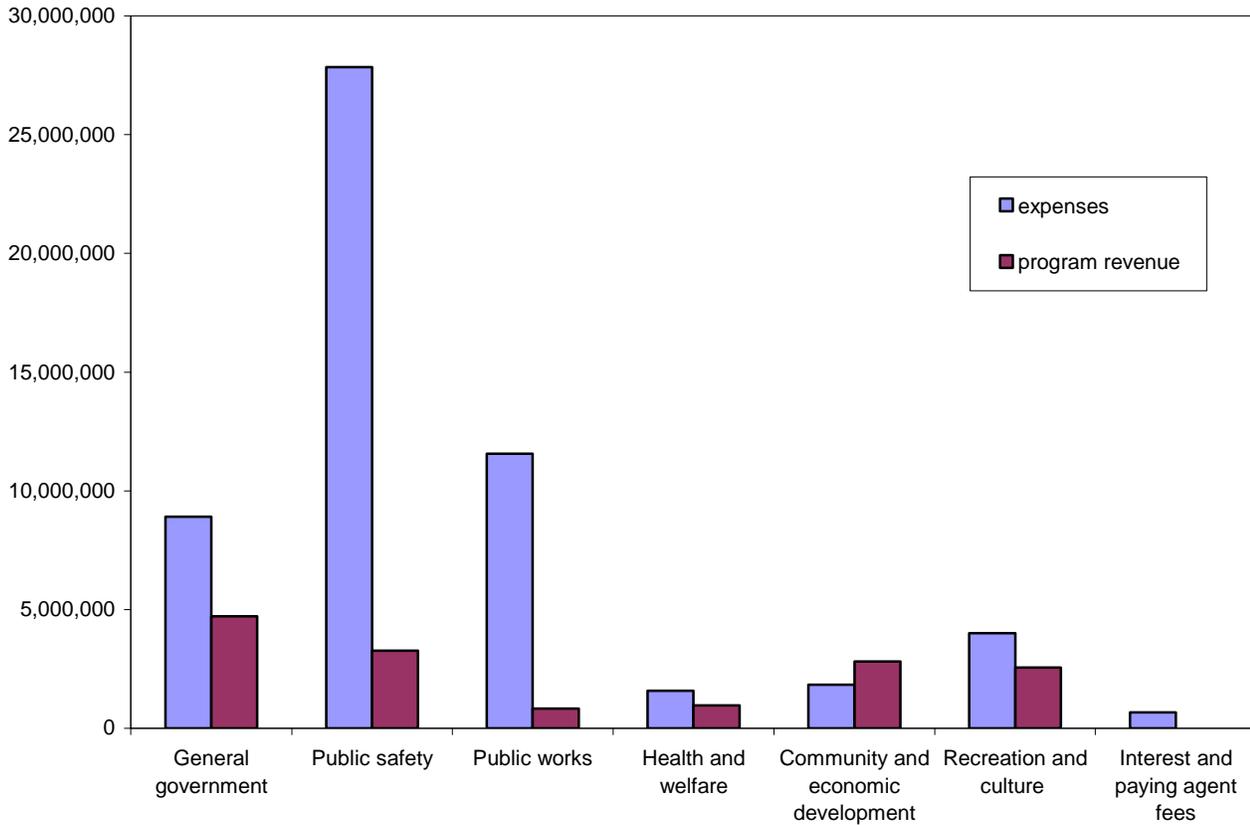
Governmental Activities: Governmental activities decreased the City of Royal Oak's net assets by \$6,848,149 as compared to a \$1,979,025 decrease in the previous year, a difference of \$4,869,124 between the two years. This difference is due to the *net effect* of \$2,497,753 less in revenue due to less tax, licenses/permits, and contributions/donations revenue and a decrease of expenditures in the amount of \$964,414 due to a decrease in general government personnel costs.

Business-Type Activities: Business-type activities increased the City of Royal Oak's net assets by \$4,767,743 as compared to a \$140,119 decrease in the previous year, a difference of \$4,907,862 mostly in the Water & Sewer Fund. This difference is largely due to an increase in revenue of \$4,494,946 from commodity sales and offset by an increase of \$2,922,869 in expenses for the purchase of water and sewage disposal.

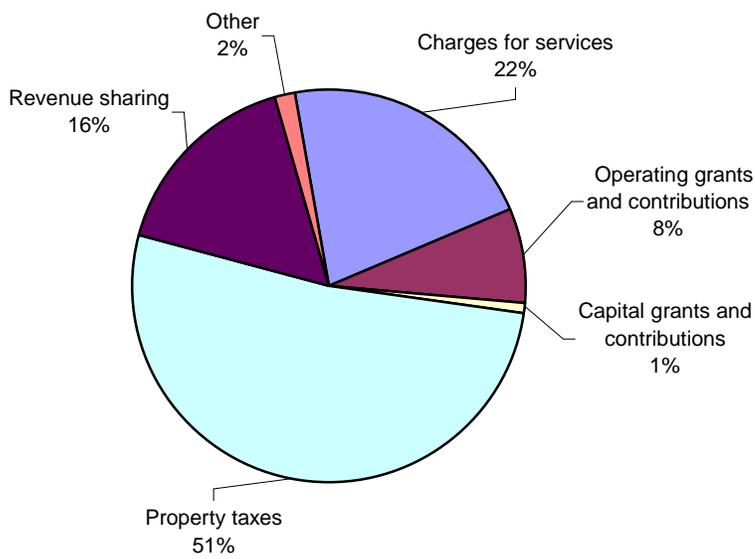
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 10,834,450	\$ 10,540,681	\$ 31,040,546	\$ 26,177,230	\$ 41,874,996	\$ 36,717,911
Operating grants and contributions	3,859,876	3,576,342	617,198	617,778	4,477,074	4,194,120
Capital grants and contributions	455,132	626,971	-	70,713	455,132	697,684
General revenue:						
Property taxes	26,152,857	28,573,797			26,152,857	28,573,797
Grants and contributions not restricted to specific programs	8,280,285	8,228,312			8,280,285	8,228,312
Other	777,910	1,312,160	210,181	507,258	988,091	1,819,418
Total revenue	50,360,510	52,858,263	31,867,925	27,372,979	82,228,435	80,231,242
Expenses:						
General government	8,904,081	10,658,475			8,904,081	10,658,475
Public safety	27,846,183	27,808,076			27,846,183	27,808,076
Public works	11,568,038	11,323,281			11,568,038	11,323,281
Health and welfare	1,578,078	1,045,227			1,578,078	1,045,227
Community and economic development	1,829,671	1,855,557			1,829,671	1,855,557
Recreation and culture	4,012,061	3,988,900			4,012,061	3,988,900
Interest and paying agent fees	674,965	697,975			674,965	697,975
Water & sewer			22,677,293	19,727,621	22,677,293	19,727,621
Parking			3,176,310	3,105,564	3,176,310	3,105,564
Recreation			1,676,691	1,788,792	1,676,691	1,788,792
Farmers market			365,470	350,918	365,470	350,918
Total expenses	56,413,077	57,377,491	27,895,764	24,972,895	84,308,841	82,350,386
Increase (decrease) in net assets before transfers	(6,052,567)	(4,519,228)	3,972,161	2,400,084	(2,080,406)	(2,119,144)
Transfers	(795,582)	2,540,203	795,582	(2,540,203)	-	-
Increase (decrease) in net assets	(6,848,149)	(1,979,025)	4,767,743	(140,119)	(2,080,406)	(2,119,144)
Net assets - beginning	146,219,552	148,198,577	76,498,830	76,638,949	222,718,382	224,837,526
Net assets - ending	\$ 139,371,403	\$ 146,219,552	\$ 81,266,573	\$ 76,498,830	\$ 220,637,976	\$ 222,718,382

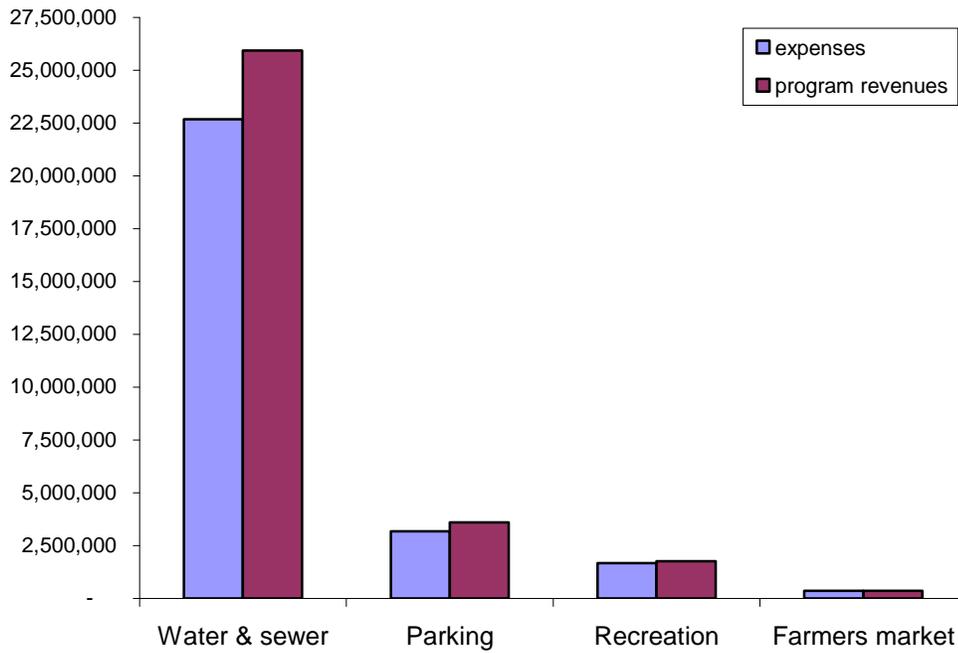
Expenses and Program Revenues – Governmental Activities



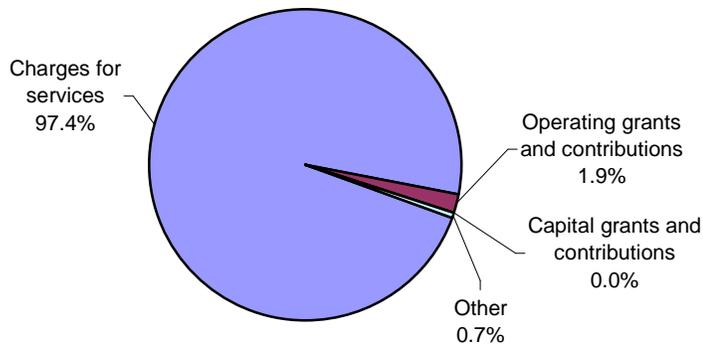
Revenues by Source – Governmental Activities



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, unassigned 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 \$22,303,947, a decrease of \$208,476 in comparison with the prior year. Approximately 23 percent (\$5,221,748) of this total amount constitutes, unassigned fund balance, which is available for spending at the government's discretion, within allowable use. The remainder of fund balance is nonspendable such as inventories (\$156,957) or an endowment (\$1,000), restricted due to restraints of the fund (\$15,624,242) or assigned for the subsequent year's expenditures (\$1,300,000).

The General Fund is the chief operating fund of the City of Royal Oak. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,221,748 while total fund balance was \$6,521,748. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15 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 \$363,667 during the current fiscal year. The budget allowed for over \$2.2 million use of fund balance, however mostly due to the City's policy regarding attrition and fewer leave bank payouts due to fewer than possible retirements, expenditures were lower than the budget. In addition, an increase in traffic/parking revenue allowed for less use of fund balance.

The Solid Waste Fund has a total fund balance of \$6,308,942, all of which is restricted for the sole use of this fund. The net increase in fund balance during the current year in the solid waste fund was \$614,811, which is mostly due to contracted solid waste collection and disposal costs being 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 \$7,844,960. The total increase in net assets for Water and Sewer was \$5,360,592, as compared to a \$167,420 increase in the previous year. This increase is mostly due to higher than budgeted water sales and sewage disposal revenue and fewer capital project costs.

Unrestricted net assets for the Automobile Parking System Fund amounted to \$5,195,043. The total decrease in net assets for the Automobile Parking System Fund was \$702,283 mostly due to the transfer out of the fund.

General Fund Budgetary Highlights

Expenditures in the General Fund were approximately \$1,630,000 less than the amended budget, which were mainly a result of lower personnel costs due to fewer retiree leave bank payouts and the elimination of positions. In addition, the General Fund's revenue was greater by about \$640,000 mostly due to higher sales tax revenue, traffic/parking violations, and the receipt of a portion of a SAFER grant, 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, 2011, amounts to \$254,422,287 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City of Royal Oak's investment in capital assets for the current fiscal year is less than 1 percent.

Major capital asset costs during the current fiscal year included the continued construction of the George Kuhn Drain project, Main Street resurfacing, Section 22 road replacement, sewer line repairs, water main replacement on Lincoln, and DPS yard paving to name some of the projects.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$66,774,752	\$66,774,752	\$9,992,579	\$9,992,578	\$76,767,331	\$76,767,330
Buildings	18,589,821	19,194,897	19,354,665	20,126,054	37,944,486	39,320,951
Improvements other than buildings	551,431	646,942	87,975	96,219	639,406	743,161
Machinery and equipment	10,163,724	7,136,305	220,661	269,249	10,384,385	7,405,554
Infrastructure	35,554,470	39,159,834	80,982,920	80,783,376	116,537,390	119,943,210
Intangibles	12,079	22,181	-	-	12,079	22,181
Construction in progress	5,560,752	7,104,699	6,576,458	6,064,050	12,137,210	13,168,749
Total	\$137,207,029	\$140,039,610	\$117,215,258	\$117,331,527	\$254,422,287	\$257,371,136

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 \$85,552,440. Of this amount, \$30,245,000 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 residents of Royal Oak funds \$5,915,000 of unlimited general obligation debt. Another \$7,612,387 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 \$3,736,980 with the remainder being paid from receipts of the other five communities. Another \$27,504,922 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	
	2011	2010	2011	2010	2011	2010
Limited general obligation bonds	\$11,420,000	\$12,295,000	\$18,825,000	\$20,030,000	\$30,245,000	\$32,325,000
Unlimited general obligation bonds	5,915,000	6,315,000	-	-	5,915,000	6,315,000
State Revolving Fund	-	-	7,612,387	8,287,387	7,612,387	8,287,387
Contractual obligations	-	-	27,504,922	29,280,006	27,504,922	29,280,006
Compensated absences	3,459,581	3,900,785	311,619	346,526	3,771,200	4,247,311
OPEB Liability	8,905,146	2,554,680	947,433	282,259	9,852,579	2,836,939
General liability claims	726,000	1,642,100	-	118,100	726,000	1,760,200
Workers Compensation claims	835,694	797,669	-	-	835,694	797,669
less: unamortized discount and deferred loss	(283,064)	(306,916)	(627,278)	(670,681)	(910,342)	(977,597)
Total	\$30,978,357	\$27,198,318	\$54,574,083	\$57,673,597	\$85,552,440	\$84,871,915

The City of Royal Oak's total debt increased by \$680,525 (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

The underlying rating reflects the city's own credit quality, Standard & Poor's reduced the City's underlying rating in June 2011 from AA+ to 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 \$2,468,153,760; therefore the current debt limitation for the City of Royal Oak is \$246,815,376 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, unassigned fund balance in the general fund decreased to \$5,221,748. The budget plan, as approved for the fiscal year 2011-2012, continues to maintain a minimum unassigned fund balance of 10 percent of the current year's expenditures for unforeseen emergencies. The City's budget forecast demonstrates the continued decline of fund balance. The City's 2011-2012 fiscal year budget provides for over \$2 million in transfer in from other funds and utilizing over \$1.3 million from fund balance to balance expenditures. Based on recent sales studies, tax revenue is expected to continue to decline due to persistent falling taxable values. In addition, "current" OPEB (retiree healthcare) contributions are only funded 50% for uniformed employees and 80% for non-uniformed employees in the 2011-2012 budget. On a positive note, wage and benefit concessions recently taken by the non-uniform employees will help to slow the siphoning of the various funds unassigned assets.

The Water and Sewer rate calculation method was changed to a graduated system for the 2007-2008 budget year. For 2011-2012, the quarterly water and sewer rates are \$95 per 1,000 cubic feet for the first 2,000 cubic feet and \$109 for every 1,000 cubic feet thereafter. In addition, all customers pay a \$10.25 flat fee per billing period. The Water & Sewer Fund currently has a healthy position and only moderate rate increases are expected in the near future.

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, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 31,466,344	\$ 7,915,600	\$ 39,381,944	\$ 808,159
Receivables, net of uncollectibles	10,011,204	11,649,013	21,660,217	64,262
Deposits and other assets	787,178	389,487	1,176,665	95,000
Internal balances	(421,930)	421,930	-	-
Inventories	390,899	173,930	564,829	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets, not being depreciated	72,335,504	16,569,037	88,904,541	2,895,755
Capital assets, being depreciated, net	64,871,525	100,646,221	165,517,746	1,469,435
Total assets	179,441,724	137,765,218	317,206,942	5,332,611
LIABILITIES				
Accounts payable	1,038,376	1,414,368	2,452,744	121,126
Accrued and other liabilities	2,767,419	498,103	3,265,522	4,845
Cash bonds and deposits	1,602,058	12,091	1,614,149	-
Unearned revenue	3,684,111	-	3,684,111	-
Noncurrent liabilities:				
Due within one year	3,894,847	3,510,401	7,405,248	16,000
Due in more than one year	27,083,510	51,063,682	78,147,192	104,869
Total liabilities	40,070,321	56,498,645	96,568,966	246,840
NET ASSETS				
Invested in capital assets, net of related debt	120,155,093	67,776,260	187,931,353	4,365,190
Restricted for:				
Highways and streets	5,559,621	-	5,559,621	-
Solid waste	6,308,942	-	6,308,942	-
Recreation and culture	2,013,464	-	2,013,464	-
Public Safety	594,575	-	594,575	
Grants	858,917	-	858,917	169,670
Debt service	33,163	-	33,163	-
Capital Projects	402,587	-	402,587	-
Permanent fund:				
Expendable	9,930	-	9,930	-
Nonexpendable	1,000	-	1,000	-
Unrestricted	3,434,111	13,490,313	16,924,424	550,911
Total net assets	\$ 139,371,403	\$ 81,266,573	\$ 220,637,976	\$ 5,085,771

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, 2011**

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	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 8,904,081	\$ 4,450,270	\$ 102,879	\$ 159,921	\$ (4,191,011)		\$ (4,191,011)	
Public safety	27,846,183	2,492,540	775,741	-	(24,577,902)		(24,577,902)	
Public works	11,568,038	519,279	18,433	295,211	(10,735,115)		(10,735,115)	
Health and welfare	1,578,078	959,793	-	-	(618,285)		(618,285)	
Community and economic development	1,829,671	281,061	2,535,534	-	986,924		986,924	
Recreation and culture	4,012,061	2,131,507	427,289	-	(1,453,265)		(1,453,265)	
Interest and paying agent fees	674,965	-	-	-	(674,965)		(674,965)	
Total governmental activities	56,413,077	10,834,450	3,859,876	455,132	(41,263,619)		(41,263,619)	
Business-type activities:								
Water & sewer	22,677,293	25,940,143	-	-		\$ 3,262,850	3,262,850	
Parking	3,176,310	2,985,064	613,288	-		422,042	422,042	
Recreation	1,676,691	1,764,707	-	-		88,016	88,016	
Farmers Market	365,470	350,632	3,910	-		(10,928)	(10,928)	
Total business-type activities	27,895,764	31,040,546	617,198	-		3,761,980	3,761,980	
Total primary government	\$ 84,308,841	\$ 41,874,996	\$ 4,477,074	\$ 455,132				
Component units:								
Tax Increment Financing Authority	\$ 2,558,908	\$ -	\$ 115,780	\$ -				\$ (2,443,128)
Downtown Development Authority	30,245	-	-	-				(30,245)
Brownfield Redevelopment Authority	23,365	-	20,000	-				(3,365)
Housing Commission	1,243,382	-	1,344,395	-				101,013
Total component units	\$ 3,855,900	\$ -	\$ 1,480,175	\$ -				(2,375,725)
General revenues:								
Property taxes					26,152,857	-	26,152,857	2,409,444
State-shared revenues					8,280,285	-	8,280,285	-
Unrestricted investment earnings					300,004	182,910	482,914	7,769
Miscellaneous					477,906	27,271	505,177	26,570
Transfers					(795,582)	795,582	-	-
Total general revenues and transfers					34,415,470	1,005,763	35,421,233	2,443,783
Change in net assets					(6,848,149)	4,767,743	(2,080,406)	68,058
Net assets - beginning					146,219,552	76,498,830	222,718,382	5,017,713
Net assets - ending					\$ 139,371,403	\$ 81,266,573	\$ 220,637,976	\$ 5,085,771

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

City of Royal Oak, Michigan
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Solid Waste</u>	<u>Community Development Block Grant</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 5,279,061	\$ 6,484,283	\$ -	\$ 8,982,786	\$ 20,746,130
Receivables, net of uncollectibles	3,485,945	40,550	3,579,864	1,239,288	8,345,647
Deposits and other assets	382,722	-	202,925	18,600	604,247
Due from other governmental units	919,202	-	164,540	581,815	1,665,557
Due from other funds	301,003	-	-	-	301,003
Inventories	-	-	-	156,957	156,957
Restricted assets, cash	-	-	-	1,000	1,000
Total assets	<u>\$ 10,367,933</u>	<u>\$ 6,524,833</u>	<u>\$ 3,947,329</u>	<u>\$ 10,980,446</u>	<u>\$ 31,820,541</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 133,461	\$ 172,014	\$ 242,957	\$ 381,182	\$ 929,614
Accrued and other liabilities	1,822,297	17,827	16,962	226,181	2,083,267
Due to other funds	-	-	107,546	-	107,546
Cash bonds and deposits	1,588,944	-	-	13,114	1,602,058
Deferred revenue	301,483	26,050	3,579,864	886,712	4,794,109
Total liabilities	<u>3,846,185</u>	<u>215,891</u>	<u>3,947,329</u>	<u>1,507,189</u>	<u>9,516,594</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	-	156,957	156,957
Endowment	-	-	-	1,000	1,000
Restricted:					
Highways and streets	-	-	-	5,402,664	5,402,664
Solid waste	-	6,308,942	-	-	6,308,942
Recreation and culture	-	-	-	2,013,464	2,013,464
Public Safety	-	-	-	594,575	594,575
Grants	-	-	-	858,917	858,917
Debt service	-	-	-	33,163	33,163
Capital Projects	-	-	-	402,587	402,587
Permanent fund	-	-	-	9,930	9,930
Assigned:					
Subsequent year's expenditures	1,300,000	-	-	-	1,300,000
Unassigned	5,221,748	-	-	-	5,221,748
Total fund balances	<u>6,521,748</u>	<u>6,308,942</u>	<u>-</u>	<u>9,473,257</u>	<u>22,303,947</u>
Total liabilities and fund balances	<u>\$ 10,367,933</u>	<u>\$ 6,524,833</u>	<u>\$ 3,947,329</u>	<u>\$ 10,980,446</u>	<u>\$ 31,820,541</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, 2011

Total fund balances for governmental funds		\$ 22,303,947
Total net assets reported for governmental activities in the statement of net assets is different because:		
- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		132,398,921
- 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	9,741,344	
Less: Internal payable representing charges in excess of cost to business-type activities	<u>(421,930)</u>	
		9,319,414
- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,109,998
- 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.		
Accrued interest on bonds		(147,635)
Unamortized issuance costs		150,948
Bonds payable	(14,260,000)	
Unamortized discounts	200,904	
Deferred loss	76,128	
OPEB Liability	(8,445,936)	
Compensated absences	<u>(3,335,286)</u>	
Total long-term liabilities		<u>(25,764,190)</u>
Total net assets of governmental activities		<u>\$ 139,371,403</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, 2011

	<u>General</u>	<u>Solid Waste</u>	<u>Community Development Block Grant</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 17,107,604	\$ 6,469,196	\$ -	\$ 2,804,639	\$ 26,381,439
Licenses and permits	1,370,267	-	-	1,320,756	2,691,023
Federal grants	159,921	-	805,529	1,036,104	2,001,554
State grants	4,777,132	-	-	3,926,452	8,703,584
Charges for services	3,591,104	15,887	281,061	393,011	4,281,063
Fines and forfeitures	3,706,265	-	-	423,538	4,129,803
Interest and rentals	376,748	16,857	-	105,278	498,883
Contributions and donations	375,000	-	-	880,738	1,255,738
Other revenue	351,227	32,411	8,726	85,542	477,906
Total revenues	<u>31,815,268</u>	<u>6,534,351</u>	<u>1,095,316</u>	<u>10,976,058</u>	<u>50,420,993</u>
EXPENDITURES					
Current:					
General government	8,275,093	-	-	56,522	8,331,615
Public safety	23,423,988	-	-	1,110,136	24,534,124
Public works	953,892	5,851,997	-	5,654,407	12,460,296
Health and welfare	765,013	-	-	-	765,013
Community and economic development	161,038	-	844,256	838,506	1,843,800
Recreation and culture	1,171,304	-	-	2,378,622	3,549,926
Debt service:					
Principal payments	-	-	-	945,000	945,000
Interest and paying agent fees	-	-	-	666,865	666,865
Total expenditures	<u>34,750,328</u>	<u>5,851,997</u>	<u>844,256</u>	<u>11,650,058</u>	<u>53,096,639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,935,060)</u>	<u>682,354</u>	<u>251,060</u>	<u>(674,000)</u>	<u>(2,675,646)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,571,393	-	23,790	4,832,257	7,427,440
Transfers out	-	(67,543)	(274,850)	(4,617,877)	(4,960,270)
Total other financing sources (uses)	<u>2,571,393</u>	<u>(67,543)</u>	<u>(251,060)</u>	<u>214,380</u>	<u>2,467,170</u>
Net change in fund balances	(363,667)	614,811	-	(459,620)	(208,476)
Fund balances - beginning	6,885,415	5,694,131	-	9,932,877	22,512,423
Fund balances - ending	<u>\$ 6,521,748</u>	<u>\$ 6,308,942</u>	<u>\$ -</u>	<u>\$ 9,473,257</u>	<u>\$ 22,303,947</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, 2011

Net change in fund balances - total governmental funds \$ (208,476)

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 (\$2,225,609) and transfers of capital assets (1,542,742), exceeded depreciation (\$2,449,863) in the current period. (1,766,994)

- Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt). 945,000

- 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	9,066	
Amortization of bond discount	(17,166)	
Amortization of bond issuance costs	(13,212)	
Amortization of deferred loss	(5,932)	
General liability claims	1,642,100	
OPEB Liability	(6,041,656)	
Compensated absences	402,735	
Combined adjustment		(4,024,065)

- Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. (14,110)

- 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	(1,751,547)	
Less: Profit from charges to business-type activities	(27,957)	
		(1,779,504)

Change in net assets of governmental activities \$ (6,848,149)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 16,948,440	\$ 17,090,000	\$ 17,107,604	\$ 17,604
Licenses and permits	1,213,800	1,338,800	1,370,267	31,467
Federal grants	-	281,000	159,921	(121,079)
State grants	4,591,500	4,591,500	4,777,132	185,632
Charges for services	2,606,182	3,452,568	3,591,104	138,536
Fines and forfeitures	3,212,500	3,539,000	3,706,265	167,265
Interest and rentals	409,040	409,040	376,748	(32,292)
Contributions and donations	384,500	375,000	375,000	-
Other revenue	260,500	97,200	351,227	254,027
Total revenues	<u>29,626,462</u>	<u>31,174,108</u>	<u>31,815,268</u>	<u>641,160</u>
EXPENDITURES				
General government	8,570,570	8,658,350	8,275,093	(383,257)
Public safety	22,423,390	24,408,980	23,423,988	(984,992)
Public works	1,025,600	1,196,780	953,892	(242,888)
Health and welfare	452,440	765,020	765,013	(7)
Community and economic development	169,580	161,230	161,038	(192)
Recreation and culture	1,043,150	1,186,930	1,171,304	(15,626)
Total expenditures	<u>33,684,730</u>	<u>36,377,290</u>	<u>34,750,328</u>	<u>(1,626,962)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,058,268)</u>	<u>(5,203,182)</u>	<u>(2,935,060)</u>	<u>2,268,122</u>
OTHER FINANCING SOURCES				
Transfers in	2,570,000	2,945,000	2,571,393	(373,607)
Net change in fund balance	<u>\$ (1,488,268)</u>	<u>\$ (2,258,182)</u>	<u>(363,667)</u>	<u>\$ 1,894,515</u>
Fund balance - beginning			6,885,415	
Fund balance - ending			<u>\$ 6,521,748</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 6,433,520	\$ 6,433,520	\$ 6,469,196	\$ 35,676
Charges for services	5,000	5,000	15,887	10,887
Interest	10,000	10,000	16,857	6,857
Other revenue	8,000	8,000	32,411	24,411
Total revenues	6,456,520	6,456,520	6,534,351	77,831
EXPENDITURES				
Public works	6,287,020	6,452,320	5,851,997	(600,323)
Excess of revenues over expenditures	169,500	4,200	682,354	678,154
OTHER FINANCING USES				
Transfers out	(4,200)	(4,200)	(67,543)	63,343
Net change in fund balance	\$ 165,300	\$ -	614,811	\$ 614,811
Fund balance - beginning			5,694,131	
Fund balance - ending			\$ 6,308,942	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Federal grants	\$ 1,677,930	\$ 1,634,215	\$ 805,529	\$ (828,686)
Charges for services	-	190,000	281,061	91,061
Other revenue	378,740	378,740	8,726	(370,014)
Total revenues	2,056,670	2,202,955	1,095,316	(1,107,639)
EXPENDITURES				
Community and economic development	1,325,020	1,809,771	844,256	(965,515)
Excess of revenues over expenditures	731,650	393,184	251,060	(142,124)
OTHER FINANCING USES				
Transfers in	-	23,790	23,790	-
Transfers out	-	(393,189)	(274,850)	(118,339)
Total other financing uses	-	(369,399)	(251,060)	(118,339)
Net change in fund balance	\$ 731,650	\$ 23,785	-	\$ (23,785)
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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, 2011

	Business Type Activities - Enterprise Funds				Governmental
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 2,214,642	\$ 5,560,818	\$ 333,597	\$ 8,109,057	\$ 10,526,757
Receivables, net of uncollectibles	7,172,200	3,441	102,535	7,278,176	-
Deposits and other assets	277,194	108,318	3,975	389,487	31,983
Inventories	166,972	6,958	-	173,930	233,942
Total current assets	9,831,008	5,679,535	440,107	15,950,650	10,792,682
Noncurrent assets:					
Receivables, net of uncollectibles	3,876,033	-	-	3,876,033	-
Due from other governmental units	494,804	-	-	494,804	-
Capital assets	116,596,364	31,111,183	12,227,056	159,934,603	16,805,897
Accumulated depreciation	(29,472,291)	(9,084,392)	(4,162,662)	(42,719,345)	(11,997,789)
Capital assets, net	87,124,073	22,026,791	8,064,394	117,215,258	4,808,108
Total noncurrent assets	91,494,910	22,026,791	8,064,394	121,586,095	4,808,108
Total assets	101,325,918	27,706,326	8,504,501	137,536,745	15,600,790
LIABILITIES					
Current liabilities:					
Accounts payable	1,231,231	89,215	93,922	1,414,368	108,762
Accrued and other liabilities	326,565	157,044	14,494	498,103	536,517
Due to other funds	-	-	193,457	193,457	-
Cash bonds and deposits	200	11,891	-	12,091	-
Compensated absences, current	129,360	32,208	14,432	176,000	64,224
Long-term debt, due within one year	2,829,401	505,000	-	3,334,401	1,125,847
Total current liabilities	4,516,757	795,358	316,305	5,628,420	1,835,350
Noncurrent liabilities:					
Accrued compensated absences	99,762	24,801	11,056	135,619	60,071
Other long-term liabilities	693,734	169,333	84,366	947,433	1,240,057
Bonds payable	38,793,539	11,187,091	-	49,980,630	2,723,968
Total noncurrent liabilities	39,587,035	11,381,225	95,422	51,063,682	4,024,096
Total liabilities	44,103,792	12,176,583	411,727	56,692,102	5,859,446
NET ASSETS					
Invested in capital assets, net of related debt	49,377,166	10,334,700	8,064,394	67,776,260	1,739,140
Unrestricted	7,844,960	5,195,043	28,380	13,068,383	8,002,204
Total net assets	\$ 57,222,126	\$ 15,529,743	\$ 8,092,774	80,844,643	\$ 9,741,344

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.

421,930

Net assets of business-type activities

\$ 81,266,573

City of Royal Oak, Michigan
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business Type Activities - Enterprise Funds				Governmental
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 25,940,143	\$ 2,985,064	\$ 2,115,339	\$ 31,040,546	\$ 16,210,930
Other	-	9,649	17,622	27,271	13,132
Total operating revenues	<u>25,940,143</u>	<u>2,994,713</u>	<u>2,132,961</u>	<u>31,067,817</u>	<u>16,224,062</u>
OPERATING EXPENSES					
Salaries and benefits	2,857,211	865,705	356,706	4,079,622	11,457,981
Supplies	262,906	79,065	58,820	400,791	805,582
Water purchases	3,332,986	-	-	3,332,986	-
Sewage disposal services	9,659,663	-	-	9,659,663	-
Other services and charges	2,857,925	974,814	1,297,661	5,130,400	2,766,694
Depreciation	2,517,012	587,212	321,346	3,425,570	1,114,761
Total operating expenses	<u>21,487,703</u>	<u>2,506,796</u>	<u>2,034,533</u>	<u>26,029,032</u>	<u>16,145,018</u>
Operating income (loss)	<u>4,452,440</u>	<u>487,917</u>	<u>98,428</u>	<u>5,038,785</u>	<u>79,044</u>
NONOPERATING REVENUES (EXPENSES)					
Federal grants	-	-	3,910	3,910	-
Interest income	3,799	158,700	20,411	182,910	-
Contributions and donations	-	613,288	-	613,288	-
Interest expense	(1,228,393)	(660,771)	(5,525)	(1,894,689)	(142,521)
Gain on sale of capital assets	-	-	-	-	31,940
Total nonoperating revenues (expenses)	<u>(1,224,594)</u>	<u>111,217</u>	<u>18,796</u>	<u>(1,094,581)</u>	<u>(110,581)</u>
Income before transfers	3,227,846	599,134	117,224	3,944,204	(31,537)
TRANSFERS IN	3,790,108	-	-	3,790,108	-
TRANSFERS OUT	<u>(1,657,362)</u>	<u>(1,301,417)</u>	<u>(35,747)</u>	<u>(2,994,526)</u>	<u>(1,720,010)</u>
Change in net assets	5,360,592	(702,283)	81,477	4,739,786	(1,751,547)
Total net assets - beginning	51,861,534	16,232,026	8,011,297		11,492,891
Total net assets - ending	<u>\$ 57,222,126</u>	<u>\$ 15,529,743</u>	<u>\$ 8,092,774</u>		<u>\$ 9,741,344</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.

27,957

Change in net assets of business-type activities \$ 4,767,743

City of Royal Oak, Michigan
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	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	\$ 26,733,123	\$ 3,328,036	\$ 2,105,265	\$ 32,166,424	\$ 121,146
Internal activity - receipts from other funds	-	-	135,181	135,181	16,089,784
Other operating receipts	-	9,649	-	9,649	26,199
Payments to vendors	(14,207,960)	(731,857)	(1,137,231)	(16,077,048)	(11,484,951)
Payments to employees	(1,304,657)	(425,944)	(197,796)	(1,928,397)	(579,928)
Payments of benefits on behalf of employees	(1,576,180)	(422,305)	(173,702)	(2,172,187)	(1,636,027)
Internal activity - payments to other funds	(1,364,020)	(206,250)	(122,848)	(1,693,118)	(205,044)
Net cash provided by operating activities	8,280,306	1,551,329	608,869	10,440,504	2,331,179
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Federal operating grants	-	-	3,910	3,910	-
Transfers from other funds	2,247,366	-	-	2,247,366	-
Transfers to other funds	(1,657,362)	(1,301,417)	(35,747)	(2,994,526)	(1,720,010)
Net cash provided by (used in) noncapital financing activities	590,004	(1,301,417)	(31,837)	(743,250)	(1,720,010)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(1,766,559)	-	-	(1,766,559)	(49,175)
Principal paid on capital debt	(2,758,597)	(907,507)	(337,000)	(4,003,104)	(330,000)
Interest paid on capital debt	(1,228,393)	(647,051)	(3,194)	(1,878,638)	(141,767)
Contributions and donations	-	613,288	-	613,288	-
Proceeds from sale of capital assets	-	-	-	-	31,940
Proceeds from issuance of bonds	34,251	-	-	34,251	-
Net cash used in capital and related financing activities	(5,719,298)	(941,270)	(340,194)	(7,000,762)	(489,002)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	3,799	158,700	20,411	182,910	-
Net increase (decrease) in cash and cash equivalents	3,154,811	(532,658)	257,249	2,879,402	122,167
Cash and investments balances - beginning	(940,169)	6,093,476	76,348	5,229,655	10,404,590
Cash and investments balances - ending	\$ 2,214,642	\$ 5,560,818	\$ 333,597	\$ 8,109,057	\$ 10,526,757
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 4,452,440	\$ 487,917	\$ 98,428	\$ 5,038,785	\$ 79,044
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,517,012	587,212	321,346	3,425,570	1,114,761
Changes in assets and liabilities:					
Receivables	(511,821)	8,904	(27,696)	(530,613)	13,067
Deposits and other assets	(46,693)	334,068	-	287,375	5,243
Inventories	25,076	(976)	-	24,100	(42,160)
Long-term receivable	1,351,494	-	-	1,351,494	-
Accounts payable	189,190	12,988	5,937	208,115	(338)
Accrued and other liabilities	(59,765)	(359)	(15,698)	(75,822)	(670,473)
Due to other funds	-	-	185,382	185,382	-
Accrued compensated absences	(34,129)	725	(1,503)	(34,907)	(38,469)
Other long-term liabilities	397,502	120,850	42,673	561,025	1,870,504
Net cash provided by operating activities	\$ 8,280,306	\$ 1,551,329	\$ 608,869	\$ 10,440,504	\$ 2,331,179
Noncash investing, capital, and financing activities					
Transfer of capital assets	\$ 1,542,742	\$ -	\$ -	\$ -	\$ -

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, 2011

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total
ASSETS					
Current assets:					
Cash and investments	\$ 526,515	\$ 20,536	\$ 54,289	\$ 206,819	\$ 808,159
Receivables, net of uncollectibles	61,747	2,515	-	-	64,262
Deposits and other assets	-	-	-	95,000	95,000
Total current assets	<u>588,262</u>	<u>23,051</u>	<u>54,289</u>	<u>301,819</u>	<u>967,421</u>
Noncurrent assets:					
Capital assets, not being depreciated	2,895,755	-	-	-	2,895,755
Capital assets, being depreciated, net	<u>1,469,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,469,435</u>
Total noncurrent assets	<u>4,365,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,365,190</u>
Total assets	<u>4,953,452</u>	<u>23,051</u>	<u>54,289</u>	<u>301,819</u>	<u>5,332,611</u>
LIABILITIES					
Current liabilities:					
Accounts payable	115,983	36	-	5,107	121,126
Accrued and other liabilities	1,733	433	-	2,679	4,845
Current portion of long-term debt	<u>6,560</u>	<u>2,704</u>	<u>-</u>	<u>6,736</u>	<u>16,000</u>
Total current liabilities	<u>124,276</u>	<u>3,173</u>	<u>-</u>	<u>14,522</u>	<u>141,971</u>
Noncurrent liabilities:					
Accrued compensated absences	2,710	1,116	-	2,797	6,623
Other long-term liabilities	<u>53,987</u>	<u>10,392</u>	<u>-</u>	<u>33,867</u>	<u>98,246</u>
Total noncurrent liabilities	<u>56,697</u>	<u>11,508</u>	<u>-</u>	<u>36,664</u>	<u>104,869</u>
Total liabilities	<u>180,973</u>	<u>14,681</u>	<u>-</u>	<u>51,186</u>	<u>246,840</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,365,190	-	-	-	4,365,190
Restricted - Housing Assistance Payments	-	-	-	169,670	169,670
Unrestricted	<u>407,289</u>	<u>8,370</u>	<u>54,289</u>	<u>80,963</u>	<u>550,911</u>
Total net assets	<u>\$ 4,772,479</u>	<u>\$ 8,370</u>	<u>\$ 54,289</u>	<u>\$ 250,633</u>	<u>\$ 5,085,771</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, 2011

	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	\$ 2,558,908	\$ 115,780	\$ (2,443,128)				\$ (2,443,128)
Downtown Development Authority							
General government	30,245	-		\$ (30,245)			(30,245)
Brownfield Redevelopment Authority							
	23,365	20,000			\$ (3,365)		(3,365)
Housing Commission							
General government	115,610	129,677			\$ 14,067		14,067
Health and welfare	1,127,772	1,214,718			86,946		86,946
Total - Housing Commission	1,243,382	1,344,395			101,013		101,013
Total component units	\$ 3,855,900	\$ 1,480,175					(2,375,725)
General revenues:							
Property taxes			2,340,157	51,140	18,147	-	2,409,444
Unrestricted investment earnings			6,385	-	-	1,384	7,769
Miscellaneous			26,570	-	-	-	26,570
Total general revenues			2,373,112	51,140	18,147	1,384	2,443,783
Change in net assets			(70,016)	20,895	14,782	102,397	68,058
Net assets (deficit) - beginning			4,842,495	(12,525)	39,507	148,236	5,017,713
Net assets - ending			\$ 4,772,479	\$ 8,370	\$ 54,289	\$ 250,633	\$ 5,085,771

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

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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 government-wide financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the officials of the primary government are financially accountable. The component units do not report separately. Financial accountability is defined as the appointment of a voting majority of the component unit's Board, and either (a) the ability to impose the will of the primary

City of Royal Oak, Michigan
Notes to Financial Statements
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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 segment and 2) grants and contributions that are restricted to meeting the operational or capital

City of Royal Oak, Michigan
Notes to Financial Statements
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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.

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

City of Royal Oak, Michigan
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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, medical self-insurance, and general liability 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.

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

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

City of Royal Oak, Michigan
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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.

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.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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, \$0 of interest was capitalized as part of the cost of assets under construction.

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

City of Royal Oak, Michigan
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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

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

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

Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City's intent would be to spend uncommitted/unassigned funds prior to the use of committed funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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, 2011, 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>
Solid Waste Fund – Transfers Out	\$4,200	\$67,543	\$63,343
Major Streets Fund – Transfers Out	1,693,120	1,974,291	281,171
Major Streets Fund – Public Works	1,909,630	1,941,998	32,368
ROOTS Fund – Public Safety	2,850	11,547	8,697

C. Deficit fund equity

The primary government had two funds with deficit fund equity as of June 30, 2011. The Ice Arena unrestricted deficit of \$291,791 will be reduced through reduction of expenses. The Liability Insurance Fund unrestricted fund deficit of \$726,000 will be reduced through additional user charges.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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	\$ 31,466,344	\$ 7,915,600	\$ 2,869,222	\$ 42,251,166	\$ 808,159
Pension & OPEB investments	-	-	134,834,112	134,834,112	-
Restricted assets	1,000	-	-	1,000	-
Total	\$ 31,467,344	\$ 7,915,600	\$ 137,703,334	\$ 177,086,278	\$ 808,159

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank deposits (checking and savings Accounts, certificates of deposits)	\$ 42,247,115	\$ 808,159
Investments in debt securities	42,945,356	-
Investments in equity securities	81,540,362	-
Investments in mutual funds	10,348,394	-
Petty cash and cash on hand	5,051	-
Total	\$ 177,086,278	\$ 808,159

City of Royal Oak, Michigan
Notes to Financial Statements
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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, 2011:

	Fair Value	Investment Maturities (in Years)				Credit Ratings Range	
		Less than 1	1 - 5	6 -10	>10	Standard & Poors	Moody's
U.S. agencies	\$20,144,748	\$ 990,158	\$ 7,422,892	\$ 4,859,813	\$ 6,871,885	*	*
Governmental money market funds	3,082,757					n/a	Aaa
Municipal bonds	7,287,702	471,443	2,311,446	1,835,026	2,669,787	AAA to BBB+	Aaa to Baa2
Corporate bonds	12,430,149	82,468	4,421,096	3,742,163	4,184,421	AAA to BB	Aaa to Ba2
Total	\$42,945,356	\$1,544,069	\$14,155,434	\$10,437,003	\$13,726,093		

*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, 2011, \$30,402,007 of the City of Royal Oak's bank balance of \$42,928,193 was exposed to custodial credit risk because it was uninsured and uncollateralized.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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 in investments, the City of Royal Oak has a custodial credit risk exposure of \$12,430,149 because the related securities are uninsured, unregistered and held by the government’s brokerage firm which is also the counterparty for these particular securities.

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, 2011, 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:

	General	Solid	Community	Nonmajor		Not Expected
	Fund	Waste	Development	and Other	Total	to be Collected
Receivables:			Block Grant	Funds		Within One Year
Taxes	\$ 126,211	\$ 37,850	\$ -	\$ 16,039	\$ 180,100	\$ -
Accounts	3,517,520	13,689	-	446,021	3,977,230	-
Loans Receivable	-	-	3,579,864	-	3,579,864	3,579,864
Special Assessments	-	-	-	771,526	771,526	137,000
Intergovernmental	919,202	-	164,540	581,815	1,665,557	-
Interest and other	9,611	811	-	10,802	21,224	-
Gross Receivables	4,572,544	52,350	3,744,404	1,826,203	10,195,501	3,716,864
Less: Allowance for uncollectibles	(167,397)	(11,800)	-	(5,100)	(184,297)	-
Net receivables	\$ 4,405,147	\$ 40,550	\$ 3,744,404	\$ 1,821,103	\$ 10,011,204	\$ 3,716,864

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

Receivables:	Water and Sewer	Auto Parking	Nonmajor Enterprise Funds	Total	Not Expected to be Collected Within One Year
Accounts	\$ 11,152,041	\$ 887	\$ 102,360	\$ 11,255,288	\$ 3,876,033
Intergovernmental	494,804	-	-	494,804	494,804
Interest and other	-	2,554	175	2,729	-
Gross Receivables	11,646,845	3,441	102,535	11,752,821	4,370,837
Less: Allowance for uncollectibles	(103,808)	-	-	(103,808)	-
Net receivables	\$ 11,543,037	\$ 3,441	\$ 102,535	\$ 11,649,013	\$ 4,370,837

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

Receivables:	Component Units
Taxes	\$ 91,779
Interest and other	983
Gross Receivables	92,762
Less: Allowance for uncollectibles	(28,500)
Net receivables, per fund financials	\$ 64,262

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

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

	Unavailable	Unearned
Delinquent Personal Property Taxes	\$ 123,999	\$ -
Special Assessments	771,526	-
Grant Drawdowns Eligibility Requirements Have Been Met	214,473	-
Grant Drawdowns Prior to Meeting Eligibility Requirements	-	3,684,111
Total - fund financials	1,109,998	3,684,111
Less: revenue recognized under full accrual	(1,109,998)	-
Total - government-wide financials	\$ -	\$ 3,684,111

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

C. Capital Assets:

Capital asset activity for the current year was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 66,774,752	\$ -	\$ -	\$ -	\$ 66,774,752
Construction in progress	7,104,699	(1,542,742)	2,176,453	(2,177,658)	5,560,752
Total capital assets not being depreciated	<u>73,879,451</u>	<u>(1,542,742)</u>	<u>2,176,453</u>	<u>(2,177,658)</u>	<u>72,335,504</u>
Capital assets being depreciated					
Buildings	30,694,265	-	16,965	-	30,711,230
Improvements other than buildings	3,916,736	-	-	-	3,916,736
Machinery and equipment	20,561,663	-	113,838	(358,925)	20,316,576
Infrastructure	95,321,519	-	2,145,187	-	97,466,706
Intangibles	416,859	-	-	(1,291)	415,568
Total capital assets being depreciated	<u>150,911,042</u>	<u>-</u>	<u>2,275,990</u>	<u>(360,216)</u>	<u>152,826,816</u>
Less accumulated depreciation for:					
Buildings	(11,499,369)	-	(622,040)	-	(12,121,409)
Improvements other than buildings	(3,269,794)	-	(95,511)	-	(3,365,305)
Machinery and equipment	(9,420,602)	-	(1,055,270)	323,020	(10,152,852)
Infrastructure	(60,166,440)	-	(1,781,701)	35,905	(61,912,236)
Intangibles	(394,678)	-	(10,102)	1,291	(403,489)
Total accumulated depreciation	<u>(84,750,883)</u>	<u>-</u>	<u>(3,564,624)</u>	<u>360,216</u>	<u>(87,955,291)</u>
Total capital assets being depreciated, net	<u>66,160,159</u>	<u>-</u>	<u>(1,288,634)</u>	<u>-</u>	<u>64,871,525</u>
Governmental activities capital assets, net	<u>\$ 140,039,610</u>	<u>\$ (1,542,742)</u>	<u>\$ 887,819</u>	<u>\$ (2,177,658)</u>	<u>\$ 137,207,029</u>

City of Royal Oak, Michigan
Notes to Financial Statements
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	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets not being depreciated					
Land	\$ 9,992,579	\$ -	\$ -	\$ -	\$ 9,992,579
Construction in progress	6,064,049	1,542,742	820,349	(1,850,682)	6,576,458
Total capital assets not being depreciated	<u>16,056,628</u>	<u>1,542,742</u>	<u>820,349</u>	<u>(1,850,682)</u>	<u>16,569,037</u>
Capital assets being depreciated					
Buildings	30,772,726	-	21,032	-	30,793,758
Improvements other than buildings	311,957	-	-	-	311,957
Machinery and equipment	1,316,764	-	-	(24,460)	1,292,304
Infrastructure	108,191,687	-	2,775,860	-	110,967,547
Total capital assets being depreciated	<u>140,593,134</u>	<u>-</u>	<u>2,796,892</u>	<u>(24,460)</u>	<u>143,365,566</u>
Less accumulated depreciation for:					
Buildings	(10,646,672)	-	(792,421)	-	(11,439,093)
Improvements other than buildings	(215,740)	-	(8,242)	-	(223,982)
Machinery and equipment	(1,047,513)	-	(48,590)	24,460	(1,071,643)
Infrastructure	(27,408,310)	-	(2,576,317)	-	(29,984,627)
Total accumulated depreciation	<u>(39,318,235)</u>	<u>-</u>	<u>(3,425,570)</u>	<u>24,460</u>	<u>(42,719,345)</u>
Total capital assets being depreciated, net	<u>101,274,899</u>	<u>-</u>	<u>(628,678)</u>	<u>-</u>	<u>100,646,221</u>
Business-type activities capital assets, net	<u>\$ 117,331,527</u>	<u>\$ 1,542,742</u>	<u>\$ 191,671</u>	<u>\$ (1,850,682)</u>	<u>\$ 117,215,258</u>

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

Governmental activities:	
General government	\$ 418,445
Public safety	248,731
Public works	1,394,593
Health and welfare	10,959
Recreation and culture	377,135
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,114,761
Total depreciation expense - governmental activities	<u>\$ 3,564,624</u>
Business-type activities:	
Water and sewer	\$ 2,517,012
Parking	587,213
Recreation	249,234
Farmers market	72,111
Total depreciation expense - business-type activities	<u>\$ 3,425,570</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

Construction Commitments

The City has active construction projects as of June 30, 2011. 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	\$ 154,149	\$ 79,751
Street Projects	4,129,783	3,420,332
Water Projects	4,733,388	868,236
Sidewalks	1,476,408	340,760
Total	\$ 10,493,728	\$ 4,709,079

Oakland County has a major contract on the George W. Kuhn project, of the amount spent to date \$38,571,370 is attributable to the City of Royal Oak.

Discretely presented component units

Capital asset activity for the current year was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Component units:					
Capital assets not being depreciated					
Land	\$ 2,895,755	\$ -	\$ -	\$ -	\$ 2,895,755
Total capital assets not being depreciated	2,895,755	-	-	-	2,895,755
Capital assets, being depreciated					
Improvements other than buildings	1,609,877	-	-	-	1,609,877
Infrastructure	439,529	-	-	-	439,529
Total capital assets being depreciated	2,049,406	-	-	-	2,049,406
Less accumulated depreciation for:					
Improvements other than buildings	(203,664)	-	(24,150)	-	(227,814)
Infrastructure	(253,746)	-	(98,411)	-	(352,157)
Total accumulated depreciation	(457,410)	-	(122,561)	-	(579,971)
Total capital assets being depreciated, net	1,591,996	-	(122,561)	-	1,469,435
Component unit capital assets, net	\$ 4,487,751	\$ -	\$ (122,561)	\$ -	\$ 4,365,190

The full \$122,561 in depreciation expense was charged to the Tax Increment Financing Authority activity

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General	SR-BG Block Grant	\$ 107,546
	NMEF Nonmajor enterprise	193,457
		<u>\$ 301,003</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:

Transfer out:	Transfer in:				Total
	General	Community Development Block Grant	Nonmajor governmental funds	Water & sewer	
Solid Waste	\$ -	\$ -	\$ 67,543	\$ -	\$ 67,543
Community Development Block Grant	-	-	274,850	-	274,850
Nonmajor governmental funds	1,393	23,790	2,345,328	2,247,366	4,617,877
Internal service funds	1,270,000	-	450,010	-	1,720,010
Water & Sewer Fund	-	-	1,657,362	-	1,657,362
Automobile Parking System	1,300,000	-	1,417	-	1,301,417
Nonmajor enterprise funds	-	-	35,747	-	35,747
Governmental activities	-	-	-	1,542,742	1,542,742
	<u>\$ 2,571,393</u>	<u>\$ 23,790</u>	<u>\$ 4,832,257</u>	<u>\$ 3,790,108</u>	<u>\$ 11,217,548</u>

Interfund transfers occur during the normal course of operations, for instance to fund capital projects. The transfer from governmental activities to the water and sewer fund is atypical and represents a contribution of capital assets.

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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		Ending		Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental activities					
Limited tax general obligation-Court	\$ 5,350,000	\$ -	\$ (290,000)	\$ 5,060,000	\$ 305,000
Limited tax general obligation-Library	2,925,000	-	(175,000)	2,750,000	180,000
Unlimited tax general obligation bonds	6,315,000	-	(400,000)	5,915,000	420,000
Limited tax general obligation	4,020,000	-	(410,000)	3,610,000	425,000
Compensated absences	3,900,785	2,148,000	(2,589,204)	3,459,581	1,784,000
OPEB Liability	2,554,680	6,350,466	-	8,905,146	-
General liability claims	1,642,100	136,170	(1,052,270)	726,000	363,000
Workers Compensation claims	797,669	654,265	(616,240)	835,694	417,847
	<u>27,505,234</u>	<u>9,288,901</u>	<u>(5,532,714)</u>	<u>31,261,421</u>	<u>3,894,847</u>
Less: unamortized discount	(224,856)	-	17,920	(206,936)	-
Less: deferred loss	(82,060)	-	5,932	(76,128)	-
Total governmental activities long-term liabilities	<u>\$ 27,198,318</u>	<u>\$ 9,288,901</u>	<u>\$ (5,508,862)</u>	<u>\$ 30,978,357</u>	<u>\$ 3,894,847</u>
Business-type activities					
Limited tax general obligation-Ice Arena	\$ 335,000	\$ -	\$ (335,000)	\$ -	\$ -
Limited tax general obligation-Parking	12,810,000	-	(595,000)	12,215,000	505,000
Limited tax general obligation-Water	6,885,000	-	(275,000)	6,610,000	285,000
Drain bond - North Arm Relief Drain	8,287,387	-	(675,000)	7,612,387	690,000
Contractual obligations	29,280,006	34,251	(1,809,335)	27,504,922	1,854,401
Compensated absences	346,526	195,000	(229,907)	311,619	176,000
OPEB Liability	282,259	665,174	-	947,433	-
General liability claims	118,100	-	(118,100)	-	-
	<u>58,344,278</u>	<u>894,425</u>	<u>(4,037,342)</u>	<u>55,201,361</u>	<u>3,510,401</u>
Less: unamortized discount	(343,511)	-	22,740	(320,771)	-
Less: deferred loss	(327,170)	-	20,663	(306,507)	-
Total business-type activities long-term liabilities	<u>\$ 57,673,597</u>	<u>\$ 894,425</u>	<u>\$ (3,993,939)</u>	<u>\$ 54,574,083</u>	<u>\$ 3,510,401</u>
Component units					
Compensated absences	\$ 23,295	\$ 12,000	\$ (12,672)	\$ 22,623	\$ 16,000
OPEB Liability	32,318	65,928	-	98,246	-
General liability claims	7,900	-	(7,900)	-	-
Total component unit long-term liabilities	<u>\$ 63,513</u>	<u>\$ 77,928</u>	<u>\$ (20,572)</u>	<u>\$ 120,869</u>	<u>\$ 16,000</u>

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, \$124,295 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences and the OPEB liability are generally liquidated by the general fund.

City of Royal Oak, Michigan
Notes to Financial Statements
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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	\$ 12,275,000
Governmental activities - refunding	4.0%-4.375%	2024	6,590,000	5,060,000
Business-type activities	2.25%-6.25%	2029	60,919,706	44,389,026
Business-type activities - refunding	4.0%-5.125%	2026	12,722,949	9,553,283
			<u>\$ 97,707,655</u>	<u>\$ 71,277,309</u>

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

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,330,000	\$ 740,709	\$ 3,334,401	\$ 1,833,386
2013	1,380,000	687,363	3,441,071	1,732,788
2014	1,445,000	630,473	3,530,482	1,628,412
2015	1,500,000	569,794	3,640,922	1,520,564
2016	1,485,000	507,320	3,755,488	1,408,367
2017-2021	7,185,000	1,587,289	20,127,040	5,203,595
2022-2026	2,865,000	255,297	13,234,409	2,136,613
2027-2029	145,000	13,850	2,878,496	252,777
Total	<u>\$ 17,335,000</u>	<u>\$ 4,992,095</u>	<u>\$ 53,942,309</u>	<u>\$ 15,716,502</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.

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, 2011, the City's obligation is \$26,687,943 in principal.

City of Royal Oak, Michigan
Notes to Financial Statements
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F. Restricted Assets

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

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

A. Risk Management

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

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

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

Changes in the reported liability for the fiscal years 2010 and 2011 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>
2010	\$ 574,100	\$ 1,229,600	\$ (35,600)	\$ 1,768,100
2011	1,768,100	136,170	(1,178,270)	726,000

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

City of Royal Oak, Michigan
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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 2010 and 2011 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>
2010	\$ 823,255	\$ 286,468	\$ (312,054)	\$ 797,669
2011	797,669	654,265	(616,240)	835,694

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.

Changes in the reported liability for the fiscal years 2010 and 2011 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>
2010	\$ -	\$ 2,651,780	\$ (2,351,780)	\$ 300,000
2011	300,000	8,938,052	(8,788,052)	450,000

City of Royal Oak, Michigan
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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, 2011, the City expensed approximately \$3,949,000 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, 2011, the City expensed approximately \$3,333,000 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, 426 retirees are eligible. The City includes pre-Medicare retirees and their dependants in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

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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, 2010 (the date of the most recent actuarial report), membership consisted of:

Active service members:	
General employees	154
Public safety employees	133
Deferred members	8
Retired members and beneficiaries	<u>396</u>
Total members	<u><u>691</u></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 combined with the pension plan as the Pension and Other Employee Benefit Trust fund. A stand-alone financial report has not been issued. The Plan's financial statements are prepared using information as of June 30, 2011. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2011, 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, 2011, the City contributed \$7,329,238.

Three Year Trend Information (in Thousands)

Year Ended June 30	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 7,681	100%	\$ -
2010	11,133	74%	2,868
2011	14,410	51%	9,951

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to

City of Royal Oak, Michigan
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continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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 4.00 percent per year compounded annually, (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, 2011 of 28 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 14,409,705
Interest on net OPEB obligation	114,770
Adjustment to annual required contribution	<u>(113,606)</u>
Net OPEB cost (expense)	14,410,869
Contributions made	<u>(7,329,300)</u>
Increase in net OPEB obligation	7,081,569
Net OPEB obligation, beginning of year	<u>2,869,257</u>
Net OPEB obligation, end of year	<u><u>\$ 9,950,826</u></u>

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2010 (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
6/30/2010	\$ 4,814	\$ 116,791	\$ 111,977	4.1%	\$ 18,373	609.5%

City of Royal Oak, Michigan
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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, 2011, the statement of net assets for the Other Postemployment Benefits Trust is as follows:

ASSETS

Retirement investments, at fair value	
Mutual funds	\$ 10,348,394

LIABILITIES

Accounts payable	2,954,030
Accrued and other liabilities	69,751
Total liabilities	<u>3,023,781</u>

NET ASSETS

Held in trust for other postemployment benefits	<u>\$ 7,324,613</u>
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As of June 30, 2011, the statement of changes of net assets for the Other Postemployment Benefits Trust is as follows:

ADDITIONS

Contributions:	
Employer	\$ 7,329,238
Investment earnings:	
Net increase in fair value of investments	1,612,329
Interest	7,905
Total investment income	<u>1,620,234</u>
Less investment expenses	<u>40,439</u>
Net investment income	<u>1,579,795</u>
Total additions	<u>8,909,033</u>

DEDUCTIONS

Benefits	6,382,380
Administrative expenses	16,000
Total deductions	<u>6,398,380</u>
Change in net assets	2,510,653
Net assets - beginning	4,813,960
Net assets - ending	<u>\$ 7,324,613</u>

City of Royal Oak, Michigan
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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, 2011 was approximately \$17,015,000. The City's total payroll was approximately \$20,610,000.

At June 30, 2010 (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	531
Current full-time employees:	
Fully vested	246
Nonvested	41
Total current employees	<u>287</u>
Total members	<u><u>818</u></u>

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

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

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

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

Benefit payments are calculated as follows:

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

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

City of Royal Oak, Michigan
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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, 2011, there were no investments in any one organization (other than the U.S. government and U.S. government-guaranteed obligations) in excess of five percent of net assets available for benefits.

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

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

For the year ended June 30, 2011, the City's annual pension cost of \$4,562,789 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 \$2,658,168 for general employees and 29.89% of annual covered payroll for police and fire employees. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) (b) projected salary increases ranging from 3.5% to 7.3% and (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	
2009	\$ 4,075	100%	-	
2010	4,373	100%	-	
2011	4,563	100%	-	

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2010 (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
6/30/2010	\$ 132,168	\$ 178,656	\$ 46,488	74.0%	\$ 18,373	253.0%

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, 2011, the statement of net assets for the Retirement Trust is as follows:

ASSETS

Cash and cash equivalents	\$ 2,297,278
Receivables, net of uncollectibles	323,361
Retirement investments, at fair value	
U.S. government obligations	20,144,748
Municipal bonds	7,287,702
Corporate bonds	12,430,149
Equities	81,540,362
Other investments	<u>3,082,757</u>
Total investments	<u>124,485,718</u>
Total assets	<u>127,106,357</u>

LIABILITIES

Accounts payable	29,376
Accrued and other liabilities	<u>27</u>
Total liabilities	<u>29,403</u>

NET ASSETS

Held in trust for pension benefits	<u>\$ 127,076,954</u>
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City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

As of June 30, 2011, the statement of changes of net assets for the Retirement Trust is as follows:

ADDITIONS

Contributions:	
Employer	\$ 4,562,789
Plan members	704,949
Plan members' buybacks	40,605
Total contributions	<u>5,308,343</u>
Investment earnings:	
Net increase in fair value of investments	20,673,556
Interest	1,653,706
Dividends	1,576,062
Other investment revenues	109,200
Total investment income	<u>24,012,524</u>
Less investment expenses	<u>809,301</u>
Net investment income	<u>23,203,223</u>
Total additions	<u>28,511,566</u>

DEDUCTIONS

Benefits	11,938,407
Refund of contributions	1,151,102
Administrative expenses	54,403
Total deductions	<u>13,143,912</u>
Change in net assets	15,367,654
Net assets - beginning	<u>111,709,300</u>
Net assets - ending	<u>\$ 127,076,954</u>

City of Royal Oak, Michigan
Notes to Financial Statements
June 30, 2011

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, 2011, 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, 2011, were \$15,104 by the employees and \$21,146 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 Accrued Liability ("AAL") Entry Age	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
6/30/2010	132,168	178,656	46,488	74.0%	18,373	253.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
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%
2011	4,563	4,563	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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability ("AAL") Entry Age</u>	<u>Unfunded AAL ("UAAL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2006	\$ -	\$ 110,411	\$ 110,411	0.0%	\$ 20,432	540.4%
6/30/2008	207	114,518	114,311	0.2%	20,460	558.7%
6/30/2010	4,814	116,791	111,977	4.1%	18,373	609.5%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 7,681	\$ 7,681	100%
2010	11,133	8,265	74%
2011	14,410	7,329	51%

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, 2011**

	Special Revenue Funds							Total Nonmajor Special Revenue Funds	
	Major Streets	Local Streets	Publicity	Senior Citizens Program	Library Millage	State Construction Code	ROOTS		Grants
ASSETS									
Cash and investments	\$ 2,806,788	\$ 2,079,336	\$ 15,371	\$ 781,844	\$ 955,211	\$ 619,081	\$ 363,152	\$ 535,469	\$ 8,156,252
Receivables, net of uncollectibles	8,731	8,851	33	36,495	8,598	-	-	402,413	465,121
Deposits and other assets	18,600	-	-	-	-	-	-	-	18,600
Due from other governmental units	438,853	142,962	-	-	-	-	-	-	581,815
Inventories	133,886	23,071	-	-	-	-	-	-	156,957
Restricted assets, cash	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,406,858</u>	<u>\$ 2,254,220</u>	<u>\$ 15,404</u>	<u>\$ 818,339</u>	<u>\$ 963,809</u>	<u>\$ 619,081</u>	<u>\$ 363,152</u>	<u>\$ 937,882</u>	<u>\$ 9,378,745</u>
LIABILITIES									
Accounts payable	\$ 16,347	\$ 2,724	\$ -	\$ 15,112	\$ 18,058	\$ 2,294	\$ 37	\$ 4,664	\$ 59,236
Accrued and other liabilities	36,847	45,539	802	8,346	51,150	22,212	-	2,374	167,270
Cash bonds and deposits	-	-	-	-	-	-	-	13,114	13,114
Deferred revenue	-	-	33	45,434	8,268	-	-	58,813	112,548
Total liabilities	<u>53,194</u>	<u>48,263</u>	<u>835</u>	<u>68,892</u>	<u>77,476</u>	<u>24,506</u>	<u>37</u>	<u>78,965</u>	<u>352,168</u>
FUND BALANCES									
Nonspendable:									
Inventory	133,886	23,071	-	-	-	-	-	-	156,957
Endowment	-	-	-	-	-	-	-	-	-
Restricted	3,219,778	2,182,886	14,569	749,447	886,333	594,575	363,115	858,917	8,869,620
Total fund balances	<u>3,353,664</u>	<u>2,205,957</u>	<u>14,569</u>	<u>749,447</u>	<u>886,333</u>	<u>594,575</u>	<u>363,115</u>	<u>858,917</u>	<u>9,026,577</u>
Total liabilities and fund balances	<u>\$ 3,406,858</u>	<u>\$ 2,254,220</u>	<u>\$ 15,404</u>	<u>\$ 818,339</u>	<u>\$ 963,809</u>	<u>\$ 619,081</u>	<u>\$ 363,152</u>	<u>\$ 937,882</u>	<u>\$ 9,378,745</u>

**City of Royal Oak, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Funds		Total Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
			Capital Projects	Special Assessments			
ASSETS							
Cash and investments	\$ 8,156,252	\$ 33,163	\$ 771,431	\$ 12,013	\$ 783,444	\$ 9,927	\$ 8,982,786
Receivables, net of uncollectibles	465,121	2,638	-	771,526	771,526	3	1,239,288
Deposits and other assets	18,600	-	-	-	-	-	18,600
Due from other governmental units	581,815	-	-	-	-	-	581,815
Inventories	156,957	-	-	-	-	-	156,957
Restricted assets, cash	-	-	-	-	-	1,000	1,000
Total assets	<u>\$ 9,378,745</u>	<u>\$ 35,801</u>	<u>\$ 771,431</u>	<u>\$ 783,539</u>	<u>\$ 1,554,970</u>	<u>\$ 10,930</u>	<u>\$ 10,980,446</u>
LIABILITIES							
Accounts payable	\$ 59,236	\$ -	\$ 321,946	\$ -	\$ 321,946	\$ -	\$ 381,182
Accrued and other liabilities	167,270	-	58,911	-	58,911	-	226,181
Cash bonds and deposits	13,114	-	-	-	-	-	13,114
Deferred revenue	112,548	2,638	-	771,526	771,526	-	886,712
Total liabilities	<u>352,168</u>	<u>2,638</u>	<u>380,857</u>	<u>771,526</u>	<u>1,152,383</u>	<u>-</u>	<u>1,507,189</u>
FUND BALANCES							
Nonspendable:							
Inventory	156,957	-	-	-	-	-	156,957
Endowment	-	-	-	-	-	1,000	1,000
Restricted	<u>8,869,620</u>	<u>33,163</u>	<u>390,574</u>	<u>12,013</u>	<u>402,587</u>	<u>9,930</u>	<u>9,315,300</u>
Total fund balances	<u>9,026,577</u>	<u>33,163</u>	<u>390,574</u>	<u>12,013</u>	<u>402,587</u>	<u>10,930</u>	<u>9,473,257</u>
Total liabilities and fund balances	<u>\$ 9,378,745</u>	<u>\$ 35,801</u>	<u>\$ 771,431</u>	<u>\$ 783,539</u>	<u>\$ 1,554,970</u>	<u>\$ 10,930</u>	<u>\$ 10,980,446</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, 2011

	Special Revenue Funds							Total Nonmajor Special Revenue Funds	
	Major Streets	Local Streets	Publicity	Senior Citizens Program	Library Millage	State Construction Code	ROOTS		Grants
REVENUES									
Taxes	\$ -	\$ -	\$ 50,089	\$ -	\$ 2,062,222	\$ -	\$ -	\$ -	\$ 2,112,311
Licenses and permits	168,354	-	-	-	-	1,093,528	-	58,874	1,320,756
Federal grants	-	-	-	-	-	-	-	876,289	876,289
State grants	2,738,409	886,056	-	159,351	117,629	-	-	25,007	3,926,452
Charges for services	-	-	-	215,717	83,301	2,953	-	25,394	327,365
Fines and forfeitures	-	-	-	-	3,594	-	-	419,944	423,538
Interest and rentals	15,268	26,593	-	2,445	7,090	-	2,399	771	54,566
Contributions and donations	15,597	-	-	47,982	3,760	-	116,781	60,323	244,443
Other revenue	37,350	5,109	2	-	7,612	35,430	-	-	85,503
Total revenues	2,974,978	917,758	50,091	425,495	2,285,208	1,131,911	119,180	1,466,602	9,371,223
EXPENDITURES									
Current:									
General government	-	-	56,522	-	-	-	-	-	56,522
Public safety	-	-	-	-	-	785,864	11,547	312,725	1,110,136
Public works	1,941,998	1,478,085	-	-	-	-	-	-	3,420,083
Community and economic development	-	-	-	-	-	-	-	838,506	838,506
Recreation and culture	-	-	-	500,569	1,863,057	-	14,996	-	2,378,622
Debt service:									
Principal payments	-	-	-	-	175,000	-	-	-	175,000
Interest and paying agent fees	-	-	-	-	115,143	-	-	-	115,143
Total expenditures	1,941,998	1,478,085	56,522	500,569	2,153,200	785,864	26,543	1,151,231	8,094,012
Excess (deficiency) of revenues over (under) expenditures	1,032,980	(560,327)	(6,431)	(75,074)	132,008	346,047	92,637	315,371	1,277,211
OTHER FINANCING SOURCES (USES)									
Transfers in	7,375	357,693	21,000	-	-	-	-	49,185	435,253
Transfers out	(1,974,291)	(313,229)	-	(27,990)	-	(4,200)	(11,842)	-	(2,331,552)
Total other financing sources (uses)	(1,966,916)	44,464	21,000	(27,990)	-	(4,200)	(11,842)	49,185	(1,896,299)
Net change in fund balances	(933,936)	(515,863)	14,569	(103,064)	132,008	341,847	80,795	364,556	(619,088)
Fund balances - beginning	4,287,600	2,721,820	-	852,511	754,325	252,728	282,320	494,361	9,645,665
Fund balances - ending	\$ 3,353,664	\$ 2,205,957	\$ 14,569	\$ 749,447	\$ 886,333	\$ 594,575	\$ 363,115	\$ 858,917	\$ 9,026,577

City of Royal Oak, Michigan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Funds		Total Nonmajor Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
			Capital Projects	Special Assessments			
REVENUES							
Taxes	\$ 2,112,311	\$ 692,328	\$ -	\$ -	\$ -	\$ -	\$ 2,804,639
Licenses and permits	1,320,756	-	-	-	-	-	1,320,756
Federal grants	876,289	-	159,815	-	159,815	-	1,036,104
State grants	3,926,452	-	-	-	-	-	3,926,452
Charges for services	327,365	-	65,646	-	65,646	-	393,011
Fines and forfeitures	423,538	-	-	-	-	-	423,538
Interest and rentals	54,566	-	-	50,706	50,706	6	105,278
Contributions and donations	244,443	516,496	-	119,799	119,799	-	880,738
Other revenue	85,503	39	-	-	-	-	85,542
Total revenues	<u>9,371,223</u>	<u>1,208,863</u>	<u>225,461</u>	<u>170,505</u>	<u>395,966</u>	<u>6</u>	<u>10,976,058</u>
EXPENDITURES							
Current:							
General government	56,522	-	-	-	-	-	56,522
Public safety	1,110,136	-	-	-	-	-	1,110,136
Public works	3,420,083	-	2,234,324	-	2,234,324	-	5,654,407
Community and economic development	838,506	-	-	-	-	-	838,506
Recreation and culture	2,378,622	-	-	-	-	-	2,378,622
Debt service:							
Principal payments	175,000	770,000	-	-	-	-	945,000
Interest and paying agent fees	115,143	551,722	-	-	-	-	666,865
Total expenditures	<u>8,094,012</u>	<u>1,321,722</u>	<u>2,234,324</u>	<u>-</u>	<u>2,234,324</u>	<u>-</u>	<u>11,650,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,277,211</u>	<u>(112,859)</u>	<u>(2,008,863)</u>	<u>170,505</u>	<u>(1,838,358)</u>	<u>6</u>	<u>(674,000)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	435,253	115,800	4,281,204	-	4,281,204	-	4,832,257
Transfers out	(2,331,552)	-	(2,115,870)	(170,455)	(2,286,325)	-	(4,617,877)
Total other financing sources (uses)	<u>(1,896,299)</u>	<u>115,800</u>	<u>2,165,334</u>	<u>(170,455)</u>	<u>1,994,879</u>	<u>-</u>	<u>214,380</u>
Net change in fund balances	(619,088)	2,941	156,471	50	156,521	6	(459,620)
Fund balances - beginning	9,645,665	30,222	234,103	11,963	246,066	10,924	9,932,877
Fund balances - ending	<u>\$ 9,026,577</u>	<u>\$ 33,163</u>	<u>\$ 390,574</u>	<u>\$ 12,013</u>	<u>\$ 402,587</u>	<u>\$ 10,930</u>	<u>\$ 9,473,257</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 177,000	\$ 177,000	\$ 168,354	\$ (8,646)
State grants	2,500,000	2,500,000	2,738,409	238,409
Interest and rentals	30,000	30,000	15,268	(14,732)
Contributions and donations	16,000	16,000	15,597	(403)
Other revenue	20,000	20,000	37,350	17,350
Total revenues	<u>2,743,000</u>	<u>2,743,000</u>	<u>2,974,978</u>	<u>231,978</u>
EXPENDITURES				
Public works	<u>1,794,210</u>	<u>1,909,630</u>	<u>1,941,998</u>	<u>32,368</u>
Excess of revenues over expenditures	<u>948,790</u>	<u>833,370</u>	<u>1,032,980</u>	<u>199,610</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	6,500	7,375	875
Transfers out	<u>(1,693,120)</u>	<u>(1,693,120)</u>	<u>(1,974,291)</u>	<u>281,171</u>
Total other financing sources (uses)	<u>(1,686,620)</u>	<u>(1,686,620)</u>	<u>(1,966,916)</u>	<u>(280,296)</u>
Net change in fund balance	<u>\$ (737,830)</u>	<u>\$ (853,250)</u>	<u>(933,936)</u>	<u>\$ (80,686)</u>
Fund balance - beginning			<u>4,287,600</u>	
Fund balance - ending			<u>\$ 3,353,664</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
State grants	\$ 788,750	\$ 788,750	\$ 886,056	\$ 97,306
Interest and rentals	7,730	7,730	26,593	18,863
Other revenue	2,000	2,000	5,109	3,109
Total revenues	<u>798,480</u>	<u>798,480</u>	<u>917,758</u>	<u>119,278</u>
EXPENDITURES				
Public works	<u>1,628,510</u>	<u>1,627,940</u>	<u>1,478,085</u>	<u>(149,855)</u>
Deficiency of revenues under expenditures	<u>(830,030)</u>	<u>(829,460)</u>	<u>(560,327)</u>	<u>269,133</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	375,000	375,000	357,693	(17,307)
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(313,229)</u>	<u>(286,771)</u>
Total other financing sources (uses)	<u>(225,000)</u>	<u>(225,000)</u>	<u>44,464</u>	<u>269,464</u>
Net change in fund balance	<u>\$ (1,055,030)</u>	<u>\$ (1,054,460)</u>	<u>(515,863)</u>	<u>\$ 538,597</u>
Fund balance - beginning			<u>2,721,820</u>	
Fund balance - ending			<u>\$ 2,205,957</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 49,000	\$ 49,000	\$ 50,089	\$ 1,089
Other revenue	-	-	2	2
Total revenues	<u>49,000</u>	<u>49,000</u>	<u>50,091</u>	<u>1,091</u>
EXPENDITURES				
General government	<u>69,920</u>	<u>70,300</u>	<u>56,522</u>	<u>(13,778)</u>
Deficiency of revenues under expenditures	<u>(20,920)</u>	<u>(21,300)</u>	<u>(6,431)</u>	<u>14,869</u>
OTHER FINANCING SOURCES				
Transfers in	<u>21,300</u>	<u>21,300</u>	<u>21,000</u>	<u>300</u>
Net change in fund balance	<u>\$ 380</u>	<u>\$ -</u>	<u>14,569</u>	<u>\$ 14,569</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ 14,569</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
State grants	\$ 145,120	\$ 145,120	\$ 159,351	\$ 14,231
Charges for services	173,600	173,600	215,717	42,117
Interest and rentals	17,000	17,000	2,445	(14,555)
Contributions and donations	47,430	47,430	47,982	552
Total revenues	<u>383,150</u>	<u>383,150</u>	<u>425,495</u>	<u>42,345</u>
EXPENDITURES				
Recreation and culture	<u>578,220</u>	<u>570,890</u>	<u>500,569</u>	<u>(70,321)</u>
Deficiency of revenues under expenditures	(195,070)	(187,740)	(75,074)	112,666
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,200)</u>	<u>(27,990)</u>	<u>(27,990)</u>	<u>-</u>
Net change in fund balance	<u>\$ (199,270)</u>	<u>\$ (215,730)</u>	<u>(103,064)</u>	<u>\$ 112,666</u>
Fund balance - beginning			<u>852,511</u>	
Fund balance - ending			<u>\$ 749,447</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,040,000	\$ 2,040,000	\$ 2,062,222	\$ 22,222
State grants	86,360	86,360	117,629	31,269
Charges for services	83,800	83,800	83,301	(499)
Fines and forfeitures	4,800	4,800	3,594	(1,206)
Interest and rentals	1,500	1,500	7,090	5,590
Contributions and donations	45,500	45,500	3,760	(41,740)
Other revenue	5,000	5,000	7,612	2,612
Total revenues	<u>2,266,960</u>	<u>2,266,960</u>	<u>2,285,208</u>	<u>18,248</u>
EXPENDITURES				
Recreation and culture	2,101,300	2,026,860	1,863,057	(163,803)
Debt service:				
Principal payments	175,000	175,000	175,000	-
Interest and paying agents fees	<u>114,770</u>	<u>115,150</u>	<u>115,143</u>	<u>(7)</u>
Total expenditures	<u>2,391,070</u>	<u>2,317,010</u>	<u>2,153,200</u>	<u>(163,810)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,110)</u>	<u>(50,050)</u>	<u>132,008</u>	<u>182,058</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	-	<u>(1,200)</u>
Net change in fund balance	<u>\$ (125,310)</u>	<u>\$ (51,250)</u>	132,008	<u>\$ 183,258</u>
Fund balance - beginning			<u>754,325</u>	
Fund balance - ending			<u>\$ 886,333</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,183,000	\$ 1,183,000	\$ 1,093,528	\$ (89,472)
Charges for services	-	-	2,953	2,953
Other revenue	20,000	20,000	35,430	15,430
Total revenues	<u>1,203,000</u>	<u>1,203,000</u>	<u>1,131,911</u>	<u>(71,089)</u>
EXPENDITURES				
Public safety	<u>1,077,400</u>	<u>1,198,800</u>	<u>785,864</u>	<u>(412,936)</u>
Excess of revenues over expenditures	<u>125,600</u>	<u>4,200</u>	<u>346,047</u>	<u>341,847</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,200)</u>	<u>(4,200)</u>	<u>(4,200)</u>	<u>-</u>
Net change in fund balance	<u>\$ 121,400</u>	<u>\$ -</u>	<u>341,847</u>	<u>\$ 341,847</u>
Fund balance - beginning			<u>252,728</u>	
Fund balance - ending			<u>\$ 594,575</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Interest and rentals	\$ 3,000	\$ 3,000	\$ 2,399	\$ (601)
Contributions and donations	34,700	114,700	116,781	2,081
Total revenues	<u>37,700</u>	<u>117,700</u>	<u>119,180</u>	<u>1,480</u>
EXPENDITURES				
Public safety	2,850	2,850	11,547	8,697
Recreation and culture	21,850	21,850	14,996	(6,854)
Total expenditures	<u>24,700</u>	<u>24,700</u>	<u>26,543</u>	<u>1,843</u>
Excess of revenues over expenditures	13,000	93,000	92,637	(363)
OTHER FINANCING USES				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(11,842)</u>	<u>(13,158)</u>
Net change in fund balance	<u>\$ (12,000)</u>	<u>\$ 68,000</u>	80,795	<u>\$ 12,795</u>
Fund balance - beginning			282,320	
Fund balance - ending			<u>\$ 363,115</u>	

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ 60,000	\$ 58,874	\$ (1,126)
Federal grants	192,500	1,569,248	876,289	(692,959)
State grants	-	13,000	25,007	12,007
Charges for services	17,500	17,500	25,394	7,894
Fines and forfeitures	164,900	416,300	419,944	3,644
Interest and rentals	800	800	771	(29)
Contributions and donations	26,000	48,100	60,323	12,223
Total revenues	<u>401,700</u>	<u>2,124,948</u>	<u>1,466,602</u>	<u>(658,346)</u>
EXPENDITURES				
Public safety	362,290	606,760	312,725	(294,035)
Community and economic development	<u>224,500</u>	<u>1,544,248</u>	<u>838,506</u>	<u>(705,742)</u>
Total expenditures	<u>586,790</u>	<u>2,151,008</u>	<u>1,151,231</u>	<u>(999,777)</u>
Excess (deficiency) of revenues over (under) expenditures	(185,090)	(26,060)	315,371	341,431
OTHER FINANCING SOURCES				
Transfers in	<u>17,000</u>	<u>17,000</u>	<u>49,185</u>	<u>32,185</u>
Net change in fund balance	<u>\$ (168,090)</u>	<u>\$ (9,060)</u>	<u>364,556</u>	<u>\$ 373,616</u>
Fund balance - beginning			<u>494,361</u>	
Fund balance - ending			<u>\$ 858,917</u>	

City of Royal Oak, Michigan
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011

	<u>Recreation Administration</u>	<u>Ice Arena</u>	<u>Farmers Market</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 63,360	\$ -	\$ 270,237	\$ 333,597
Receivables, net of uncollectibles	101,157	1,203	175	102,535
Deposits and other assets	3,975	-	-	3,975
Total current assets	<u>168,492</u>	<u>1,203</u>	<u>270,412</u>	<u>440,107</u>
Noncurrent assets:				
Capital assets	4,474,564	5,239,494	2,512,998	12,227,056
Less accumulated depreciation	(795,400)	(2,631,312)	(735,950)	(4,162,662)
Total capital assets, net	<u>3,679,164</u>	<u>2,608,182</u>	<u>1,777,048</u>	<u>8,064,394</u>
Total assets	<u>3,847,656</u>	<u>2,609,385</u>	<u>2,047,460</u>	<u>8,504,501</u>
LIABILITIES				
Current liabilities:				
Accounts payable	15,047	60,692	18,183	93,922
Accrued and other liabilities	10,723	3,266	505	14,494
Due to other funds	-	193,457	-	193,457
Compensated absences, current	10,208	3,872	352	14,432
Total current liabilities	<u>35,978</u>	<u>261,287</u>	<u>19,040</u>	<u>316,305</u>
Noncurrent liabilities:				
Accrued compensated absences	7,758	2,958	340	11,056
Other long-term liabilities	52,601	28,749	3,016	84,366
Total noncurrent liabilities	<u>60,359</u>	<u>31,707</u>	<u>3,356</u>	<u>95,422</u>
Total liabilities	<u>96,337</u>	<u>292,994</u>	<u>22,396</u>	<u>411,727</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,679,164	2,608,182	1,777,048	8,064,394
Unrestricted (deficit)	72,155	(291,791)	248,016	28,380
Total net assets	<u>\$ 3,751,319</u>	<u>\$ 2,316,391</u>	<u>\$ 2,025,064</u>	<u>\$ 8,092,774</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, 2011

	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 641,558	\$ 1,123,149	\$ 350,632	\$ 2,115,339
Other	-	-	17,622	17,622
Total operating revenues	<u>641,558</u>	<u>1,123,149</u>	<u>368,254</u>	<u>2,132,961</u>
OPERATING EXPENSES				
Salaries and benefits	230,704	111,515	14,487	356,706
Supplies	21,643	22,011	15,166	58,820
Other services and charges	320,335	714,991	262,335	1,297,661
Depreciation	89,481	159,755	72,110	321,346
Total operating expenses	<u>662,163</u>	<u>1,008,272</u>	<u>364,098</u>	<u>2,034,533</u>
Operating income (loss)	<u>(20,605)</u>	<u>114,877</u>	<u>4,156</u>	<u>98,428</u>
NONOPERATING REVENUES (EXPENSES)				
Federal grants	-	-	3,910	3,910
Interest income	-	206	20,205	20,411
Interest expense	-	(5,525)	-	(5,525)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(5,319)</u>	<u>24,115</u>	<u>18,796</u>
Income (loss) before transfers	(20,605)	109,558	28,271	117,224
TRANSFERS OUT	<u>-</u>	<u>(35,747)</u>	<u>-</u>	<u>(35,747)</u>
Change in net assets	(20,605)	73,811	28,271	81,477
Total net assets - beginning	<u>3,771,924</u>	<u>2,242,580</u>	<u>1,996,793</u>	<u>8,011,297</u>
Total net assets - ending	<u>\$ 3,751,319</u>	<u>\$ 2,316,391</u>	<u>\$ 2,025,064</u>	<u>\$ 8,092,774</u>

City of Royal Oak, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 615,205	\$ 1,121,981	\$ 368,079	\$ 2,105,265
Internal activity - receipts from other funds	-	135,181	-	135,181
Payments to vendors	(224,325)	(665,546)	(247,360)	(1,137,231)
Payments to employees	(129,432)	(62,043)	(6,321)	(197,796)
Payments of benefits on behalf of employees	(100,560)	(64,873)	(8,269)	(173,702)
Internal activity - payments to other funds	(97,528)	-	(25,320)	(122,848)
Net cash provided by operating activities	<u>63,360</u>	<u>464,700</u>	<u>80,809</u>	<u>608,869</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal operating grants	-	-	3,910	3,910
Transfers to other funds	-	(35,747)	-	(35,747)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(35,747)</u>	<u>3,910</u>	<u>(31,837)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	-	(337,000)	-	(337,000)
Interest paid on capital debt	-	(3,194)	-	(3,194)
Net cash used in capital and related financing activities	<u>-</u>	<u>(340,194)</u>	<u>-</u>	<u>(340,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	206	20,205	20,411
Net increase in cash and cash equivalents	<u>63,360</u>	<u>88,965</u>	<u>104,924</u>	<u>257,249</u>
Cash and investments balances - beginning	-	(88,965)	165,313	76,348
Cash and investments balances - ending	<u>\$ 63,360</u>	<u>\$ -</u>	<u>\$ 270,237</u>	<u>\$ 333,597</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (20,605)	\$ 114,877	\$ 4,156	\$ 98,428
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	89,481	159,755	72,110	321,346
Changes in assets and liabilities:				
Receivables, net	(26,353)	(1,168)	(175)	(27,696)
Accounts payable	1,519	2,095	2,323	5,937
Accrued and other liabilities	269	(15,708)	(259)	(15,698)
Due to other funds	(8,075)	193,457	-	185,382
Accrued compensated absences	(1,340)	(119)	(44)	(1,503)
Other long-term liabilities	28,464	11,511	2,698	42,673
Net cash provided by operating activities	<u>\$ 63,360</u>	<u>\$ 464,700</u>	<u>\$ 80,809</u>	<u>\$ 608,869</u>

City of Royal Oak, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
ASSETS						
Current assets:						
Cash and investments	\$ 1,679,944	\$ 5,715,952	\$ 1,910,040	\$ 1,220,821	\$ -	\$ 10,526,757
Deposits and other assets	-	31,983	-	-	-	31,983
Inventories	-	233,942	-	-	-	233,942
Total current assets	<u>1,679,944</u>	<u>5,981,877</u>	<u>1,910,040</u>	<u>1,220,821</u>	<u>-</u>	<u>10,792,682</u>
Noncurrent assets:						
Capital assets	1,369,099	15,436,798	-	-	-	16,805,897
Less accumulated depreciation	(1,313,213)	(10,684,576)	-	-	-	(11,997,789)
Total capital assets, net	<u>55,886</u>	<u>4,752,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,808,108</u>
Total assets	<u>1,735,830</u>	<u>10,734,099</u>	<u>1,910,040</u>	<u>1,220,821</u>	<u>-</u>	<u>15,600,790</u>
LIABILITIES						
Current liabilities:						
Accounts payable	43,962	63,050	1,750	-	-	108,762
Accrued and other liabilities	21,624	64,893	-	450,000	-	536,517
Compensated absences, current	32,112	32,112	-	-	-	64,224
Long term debt, due within one year	-	345,000	417,847	-	363,000	1,125,847
Total current liabilities	<u>97,698</u>	<u>505,055</u>	<u>419,597</u>	<u>450,000</u>	<u>363,000</u>	<u>1,835,350</u>
Noncurrent liabilities:						
Accrued compensated absences	29,782	30,289	-	-	-	60,071
Other long-term liabilities	159,980	299,230	417,847	-	363,000	1,240,057
Bonds payable	-	2,723,968	-	-	-	2,723,968
Total noncurrent liabilities	<u>189,762</u>	<u>3,053,487</u>	<u>417,847</u>	<u>-</u>	<u>363,000</u>	<u>4,024,096</u>
Total liabilities	<u>287,460</u>	<u>3,558,542</u>	<u>837,444</u>	<u>450,000</u>	<u>726,000</u>	<u>5,859,446</u>
NET ASSETS						
Invested in capital assets, net of related debt	55,886	1,683,254	-	-	-	1,739,140
Unrestricted (deficit)	<u>1,392,484</u>	<u>5,492,303</u>	<u>1,072,596</u>	<u>770,821</u>	<u>(726,000)</u>	<u>8,002,204</u>
Total net assets (deficit)	<u>\$ 1,448,370</u>	<u>\$ 7,175,557</u>	<u>\$ 1,072,596</u>	<u>\$ 770,821</u>	<u>\$ (726,000)</u>	<u>\$ 9,741,344</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, 2011

	<u>Information Systems</u>	<u>Motor Pool</u>	<u>Workers Compensation</u>	<u>Medical Self-Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
OPERATING REVENUES						
Charges for services	\$ 850,040	\$ 3,861,867	\$ 810,963	\$ 9,370,005	\$ 1,318,055	\$ 16,210,930
Other revenue	-	13,115	17	-	-	13,132
Total operating revenues	<u>850,040</u>	<u>3,874,982</u>	<u>810,980</u>	<u>9,370,005</u>	<u>1,318,055</u>	<u>16,224,062</u>
OPERATING EXPENSES						
Salaries and benefits	629,690	1,235,974	654,265	8,938,052	-	11,457,981
Supplies	10,642	794,940	-	-	-	805,582
Other services and charges	171,589	440,785	110,265	-	2,044,055	2,766,694
Depreciation	57,877	1,056,884	-	-	-	1,114,761
Total operating expenses	<u>869,798</u>	<u>3,528,583</u>	<u>764,530</u>	<u>8,938,052</u>	<u>2,044,055</u>	<u>16,145,018</u>
Operating income (loss)	<u>(19,758)</u>	<u>346,399</u>	<u>46,450</u>	<u>431,953</u>	<u>(726,000)</u>	<u>79,044</u>
NONOPERATING REVENUES (EXPENSES)						
Interest expense	-	(142,521)	-	-	-	(142,521)
Gain on sale of capital assets	-	31,940	-	-	-	31,940
Total nonoperating expense	<u>-</u>	<u>(110,581)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,581)</u>
Income (loss) before transfers	(19,758)	235,818	46,450	431,953	(726,000)	(31,537)
TRANSFERS OUT	<u>(460,000)</u>	<u>(910,010)</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>(1,720,010)</u>
Change in net assets	(479,758)	(674,192)	(303,550)	431,953	(726,000)	(1,751,547)
Total net assets - beginning	<u>1,928,128</u>	<u>7,849,749</u>	<u>1,376,146</u>	<u>338,868</u>	<u>-</u>	<u>11,492,891</u>
Total net assets (deficit) - ending	<u>\$ 1,448,370</u>	<u>\$ 7,175,557</u>	<u>\$ 1,072,596</u>	<u>\$ 770,821</u>	<u>\$ (726,000)</u>	<u>\$ 9,741,344</u>

City of Royal Oak, Michigan
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ 121,146	\$ -	\$ -	\$ -	\$ 121,146
Internal activity - receipts from other funds	850,040	3,740,721	810,963	9,370,005	1,318,055	16,089,784
Other operating receipts	-	26,182	17	-	-	26,199
Payments to vendors	(105,575)	(1,190,096)	(83,173)	(8,788,052)	(1,318,055)	(11,484,951)
Payments to employees	(171,165)	(446,788)	38,025	-	-	(579,928)
Payments of benefits on behalf of employees	(344,159)	(636,431)	(655,437)	-	-	(1,636,027)
Internal activity - payments to other funds	(37,868)	(143,006)	(24,170)	-	-	(205,044)
Net cash provided by operating activities	<u>191,273</u>	<u>1,471,728</u>	<u>86,225</u>	<u>581,953</u>	<u>-</u>	<u>2,331,179</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	(460,000)	(910,010)	(350,000)	-	-	(1,720,010)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(46,989)	(2,186)	-	-	-	(49,175)
Principal paid on capital debt	-	(330,000)	-	-	-	(330,000)
Interest paid on capital debt	-	(141,767)	-	-	-	(141,767)
Proceeds from sale of capital assets	-	31,940	-	-	-	31,940
Net cash used in capital and related financing activities	<u>(46,989)</u>	<u>(442,013)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(489,002)</u>
Net increase (decrease) in cash and cash equivalents	(315,716)	119,705	(263,775)	581,953	-	122,167
Cash and investments balances - beginning	<u>1,995,660</u>	<u>5,596,247</u>	<u>2,173,815</u>	<u>638,868</u>	<u>-</u>	<u>10,404,590</u>
Cash and investments balances - ending	<u>\$ 1,679,944</u>	<u>\$ 5,715,952</u>	<u>\$ 1,910,040</u>	<u>\$ 1,220,821</u>	<u>\$ -</u>	<u>\$ 10,526,757</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (19,758)	\$ 346,399	\$ 46,450	\$ 431,953	\$ (726,000)	\$ 79,044
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	57,877	1,056,884	-	-	-	1,114,761
Changes in assets and liabilities:						
Receivables	-	13,067	-	-	-	13,067
Deposits and other assets	-	5,243	-	-	-	5,243
Inventories	-	(42,160)	-	-	-	(42,160)
Accounts payable	39,986	(42,074)	1,750	-	-	(338)
Accrued and other liabilities	512	(23,316)	(797,669)	150,000	-	(670,473)
Accrued compensated absences	(552)	(37,917)	-	-	-	(38,469)
Other long-term liabilities	113,208	195,602	835,694	-	726,000	1,870,504
Net cash provided by operating activities	<u>\$ 191,273</u>	<u>\$ 1,471,728</u>	<u>\$ 86,225</u>	<u>\$ 581,953</u>	<u>\$ -</u>	<u>\$ 2,331,179</u>

City of Royal Oak, Michigan
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2011

	<u>Agency</u>	<u>Tax Collection Fund</u>	<u>44th District Court</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 417,348	\$ -	\$ 154,596	\$ 571,944
Total assets	<u>\$ 417,348</u>	<u>\$ -</u>	<u>\$ 154,596</u>	<u>\$ 571,944</u>
LIABILITIES				
Accounts payable	\$ 83	\$ -	\$ 65,942	\$ 66,025
Due to other governmental units	60	-	-	60
Cash bonds and deposits	417,205	-	88,654	505,859
Total liabilities	<u>\$ 417,348</u>	<u>\$ -</u>	<u>\$ 154,596</u>	<u>\$ 571,944</u>

City of Royal Oak, Michigan
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
AGENCY FUND				
Assets:				
Cash and investments	\$ 309,428	\$ 209,902	\$ 101,982	\$ 417,348
Liabilities:				
Accounts payable	\$ -	\$ 102,016	\$ 101,933	\$ 83
Due to other governmental units	85	25	50	60
Cash bonds and deposits	309,343	209,926	102,064	417,205
Total liabilities	<u>\$ 309,428</u>	<u>\$ 311,967</u>	<u>\$ 204,047</u>	<u>\$ 417,348</u>
TAX COLLECTION FUND				
Assets:				
Cash and investments	\$ -	\$ 99,744,277	\$ 99,744,277	\$ -
Liabilities:				
Accounts payable	\$ -	\$ 353,938	\$ 353,938	\$ -
Due to other governmental units	-	189,957,959	189,957,959	-
Total liabilities	<u>\$ -</u>	<u>\$ 190,311,897</u>	<u>\$ 190,311,897</u>	<u>\$ -</u>
44TH DISTRICT COURT				
Assets:				
Cash and investments	\$ 164,241	\$ 856,520	\$ 866,165	\$ 154,596
Liabilities:				
Accounts payable	\$ -	\$ 920,867	\$ 854,925	\$ 65,942
Due to other governmental units	75,738	865,337	941,075	-
Cash bonds and deposits	88,503	304	153	88,654
Total liabilities	<u>\$ 164,241</u>	<u>\$ 1,786,508</u>	<u>\$ 1,796,153</u>	<u>\$ 154,596</u>
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 473,669	\$ 100,810,699	\$ 100,712,424	\$ 571,944
Liabilities:				
Accounts payable	\$ -	\$ 1,376,821	\$ 1,310,796	\$ 66,025
Due to other governmental units	75,823	190,823,321	190,899,084	60
Cash bonds and deposits	397,846	210,230	102,217	505,859
Total liabilities	<u>\$ 473,669</u>	<u>\$ 192,410,372</u>	<u>\$ 192,312,097</u>	<u>\$ 571,944</u>

City of Royal Oak, Michigan
Balance Sheets
Component Units
June 30, 2011

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Housing Commission
ASSETS					
Cash and investments	\$ 526,515	\$ 20,536	\$ 54,289	\$ 206,819	\$ 808,159
Receivables, net of uncollectibles	61,747	2,515	-	-	64,262
Deposits and other assets	-	-	-	95,000	95,000
Total assets	<u>588,262</u>	<u>23,051</u>	<u>54,289</u>	<u>301,819</u>	<u>967,421</u>
LIABILITIES					
Accounts payable	115,983	36	-	5,107	121,126
Accrued and other liabilities	1,733	433	-	2,679	4,845
Deferred revenue	<u>60,764</u>	<u>2,515</u>	<u>-</u>	<u>-</u>	<u>63,279</u>
Total liabilities	<u>178,480</u>	<u>2,984</u>	<u>-</u>	<u>7,786</u>	<u>189,250</u>
FUND BALANCES					
Unassigned	<u>409,782</u>	<u>20,067</u>	<u>54,289</u>	<u>294,033</u>	<u>778,171</u>
Total fund balances	<u>409,782</u>	<u>20,067</u>	<u>54,289</u>	<u>294,033</u>	<u>778,171</u>
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	4,365,190	-	-	-	4,365,190
- Taxes receivable are expected to be collected over several years, and are not available to pay current year expenditures	60,764	2,515	-	-	63,279
- Long-term liabilities are not due and payable in the current period and are not reported at the fund level	(63,257)	(14,212)	-	(43,400)	(120,869)
Total net assets for component units	<u>\$ 4,772,479</u>	<u>\$ 8,370</u>	<u>\$ 54,289</u>	<u>\$ 250,633</u>	<u>\$ 5,085,771</u>

City of Royal Oak, Michigan
Statements of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Year Ended June 30, 2011

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total Component Units
REVENUES					
Taxes	\$ 2,331,950	\$ 51,025	\$ 18,147	\$ -	\$ 2,401,122
Federal grants	-	-	-	1,344,395	1,344,395
Interest and rentals	6,385	-	-	1,384	7,769
Contributions and donations	115,780	-	20,000	-	135,780
Other revenues	26,570	-	-	-	26,570
Total revenues	<u>2,480,685</u>	<u>51,025</u>	<u>38,147</u>	<u>1,345,779</u>	<u>3,915,636</u>
EXPENDITURES					
Current:					
Housing assistance payments	-	-	-	1,127,772	1,127,772
Community and economic development	2,399,189	25,164	23,365	100,493	2,548,211
Total expenditures	<u>2,399,189</u>	<u>25,164</u>	<u>23,365</u>	<u>1,228,265</u>	<u>3,675,983</u>
Change in fund balance	81,496	25,861	14,782	117,514	239,653
Fund balances (deficit) - beginning	328,286	(5,794)	39,507	176,519	538,518
Fund balances - ending	<u>\$ 409,782</u>	<u>\$ 20,067</u>	<u>\$ 54,289</u>	<u>\$ 294,033</u>	<u>\$ 778,171</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, 2011

	<u>Tax Increment Financing Authority</u>	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Housing Commission</u>	<u>Total Component Units</u>
Net change in fund balances - component units	\$ 81,496	\$ 25,861	\$ 14,782	\$ 117,514	\$ 239,653
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 of depreciation (\$122,561) in the current period for the Tax Increment Financing Authority.	(122,561)	-	-	-	(122,561)
- Taxes receivable are expected to be collected over several years, and are not available to pay current year expenditures.	8,208	115	-	-	8,323
- 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.					
Compensated absences	77	(43)	-	638	672
OPEB Liability	(37,236)	(5,038)	-	(23,654)	(65,928)
General liability claims	-	-	-	7,899	7,899
Combined adjustment	<u>(37,159)</u>	<u>(5,081)</u>	<u>-</u>	<u>(15,117)</u>	<u>(57,357)</u>
Change in net assets of component units	<u>\$ (70,016)</u>	<u>\$ 20,895</u>	<u>\$ 14,782</u>	<u>\$ 102,397</u>	<u>\$ 68,058</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,510,970	\$ 2,340,000	\$ 2,331,950	\$ (8,050)
Interest and rentals	20,000	10,000	6,385	(3,615)
Contributions and donations	10,000	115,000	115,780	780
Other revenue	-	-	26,570	26,570
Total revenues	<u>2,540,970</u>	<u>2,465,000</u>	<u>2,480,685</u>	<u>15,685</u>
EXPENDITURES				
Community and economic development	<u>2,781,820</u>	<u>2,659,195</u>	<u>2,399,189</u>	<u>(260,006)</u>
Net change in fund balance	<u>\$ (240,850)</u>	<u>\$ (194,195)</u>	81,496	<u>\$ 275,691</u>
Fund balance - beginning			328,286	
Fund balance - ending			<u>\$ 409,782</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 50,400	\$ 50,000	\$ 51,025	\$ 1,025
EXPENDITURES				
Community and economic development	52,210	50,000	25,164	(24,836)
Net change in fund balance	<u>\$ (1,810)</u>	<u>\$ -</u>	25,861	<u>\$ 25,861</u>
Fund balance (deficit) - beginning			<u>(5,794)</u>	
Fund balance - ending			<u>\$ 20,067</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 60,700	\$ 60,700	\$ 18,147	\$ (42,553)
Contributions and donations	-	-	20,000	20,000
Total revenues	<u>60,700</u>	<u>60,700</u>	<u>38,147</u>	<u>(22,553)</u>
EXPENDITURES				
Community and economic development	<u>65,700</u>	<u>65,700</u>	<u>23,365</u>	<u>(42,335)</u>
Net change in fund balance	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>14,782</u>	<u>\$ 19,782</u>
Fund balance - beginning			<u>39,507</u>	
Fund balance - ending			<u>\$ 54,289</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Federal grants	\$ 1,342,420	\$ 1,342,420	\$ 1,344,395	\$ 1,975
Interest and rentals	500	500	1,384	884
Total revenues	<u>1,342,920</u>	<u>1,342,920</u>	<u>1,345,779</u>	<u>2,859</u>
EXPENDITURES				
Community and economic development	131,950	142,460	100,493	(41,967)
Housing assistance payments	<u>1,212,420</u>	<u>1,212,420</u>	<u>1,127,772</u>	<u>(84,648)</u>
Total expenditures	<u>1,344,370</u>	<u>1,354,880</u>	<u>1,228,265</u>	<u>(126,615)</u>
Net change in fund balance	<u>\$ (1,450)</u>	<u>\$ (11,960)</u>	117,514	<u>\$ 129,474</u>
Fund balance - beginning			<u>176,519</u>	
Fund balance - ending			<u>\$ 294,033</u>	

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Royal Oak's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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

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

City of Royal Oak, Michigan
Financial Trends
Net Assets by Component
Last Nine 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	2011
\$ 116,963,284	\$ 118,453,656	\$ 118,921,341	\$ 119,486,155	\$ 121,736,526	\$ 120,155,093
19,737,682	22,836,277	24,253,884	14,365,234	15,097,992	15,782,199
2,737,267	2,958,906	4,242,843	14,347,188	9,385,034	3,434,111
<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>	<u>\$ 139,371,403</u>
\$ 49,403,430	\$ 58,089,326	\$ 61,366,065	\$ 61,051,630	\$ 64,238,153	\$ 67,776,260
2,764,237	2,653	2,653	2,653	-	-
10,863,254	8,330,833	10,061,309	15,584,666	12,260,677	13,490,313
<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>	<u>\$ 81,266,573</u>
\$ 166,366,714	\$ 176,542,982	\$ 180,287,406	\$ 180,537,785	\$ 185,974,679	\$ 187,931,353
22,501,919	22,838,930	24,256,537	14,367,887	15,097,992	15,782,199
13,600,521	11,289,739	14,304,152	29,931,854	21,645,711	16,924,424
<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>	<u>\$ 220,637,976</u>

City of Royal Oak, Michigan
Financial Trends
Changes in Net Assets
Last Nine 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	2011
\$	11,820,682	9,081,988	9,178,697	10,658,475	8,904,081
	20,540,025	24,228,222	25,340,432	27,808,076	27,846,183
	11,677,027	11,647,910	12,008,559	11,323,281	11,568,038
	469,999	602,645	720,452	1,045,227	1,578,078
	1,532,163	2,301,776	1,382,073	1,855,557	1,829,671
	3,581,434	4,212,541	4,101,371	3,988,900	4,012,061
	793,776	784,438	720,676	697,975	674,965
	<u>50,415,106</u>	<u>52,859,520</u>	<u>53,452,260</u>	<u>57,377,491</u>	<u>56,413,077</u>
	16,358,489	16,457,830	17,426,976	19,727,621	22,677,293
	2,136,181	2,325,819	2,665,056	3,105,564	3,176,310
	1,886,696	1,960,279	1,866,341	1,788,792	1,676,691
	266,310	327,228	344,946	350,918	365,470
	<u>20,647,676</u>	<u>21,071,156</u>	<u>22,303,319</u>	<u>24,972,895</u>	<u>27,895,764</u>
\$	<u>71,062,782</u>	<u>73,930,676</u>	<u>75,755,579</u>	<u>82,350,386</u>	<u>84,308,841</u>
\$	3,859,945	4,786,182	5,032,372	4,985,949	4,450,270
	2,490,350	2,302,388	1,981,677	2,376,002	2,492,540
	665,860	550,375	496,673	458,669	519,279
	893,850	865,648	959,100	934,114	959,793
	396,838	383,077	249,152	226,376	281,061
	1,301,829	1,494,866	1,644,549	1,559,571	2,131,507
	777,899	-	-	-	-
	<u>10,386,571</u>	<u>10,382,536</u>	<u>10,363,523</u>	<u>10,540,681</u>	<u>10,834,450</u>
	3,146,627	3,930,593	3,186,231	3,576,342	3,859,876
	1,079,263	1,163,612	873,030	626,971	455,132
	<u>14,612,461</u>	<u>15,476,741</u>	<u>14,422,784</u>	<u>14,743,994</u>	<u>15,149,458</u>
	19,659,036	20,989,462	20,039,667	21,429,384	25,940,143
	2,215,151	2,516,001	2,570,487	2,659,002	2,985,064
	1,909,576	1,850,882	1,747,139	1,779,515	1,764,707
	275,334	290,194	295,731	309,329	350,632
	602,074	5,090	6,870	617,778	617,198
	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>31,657,744</u>
\$	<u>39,315,571</u>	<u>41,847,782</u>	<u>41,835,770</u>	<u>41,609,715</u>	<u>46,807,202</u>
\$	(35,802,645)	(37,382,779)	(39,029,476)	(42,633,497)	(41,263,619)
	4,055,434	5,299,885	5,109,667	1,892,826	3,761,980
\$	<u>(31,747,211)</u>	<u>(32,082,894)</u>	<u>(33,919,809)</u>	<u>(40,740,671)</u>	<u>(37,501,639)</u>
\$	26,898,481	27,578,249	27,744,049	28,573,797	26,152,857
	9,350,955	9,251,499	8,873,213	8,228,312	8,280,285
	1,938,968	2,068,262	998,889	449,343	300,004
	30,958	-	-	-	-
	806,267	676,770	-	-	-
	299,913	287,712	1,562,187	862,817	477,906
	1,287,709	689,516	631,647	2,540,203	(795,582)
	<u>40,613,251</u>	<u>40,552,008</u>	<u>39,809,985</u>	<u>40,654,472</u>	<u>34,415,470</u>
	602,023	368,647	147,023	228,934	182,910
	-	-	-	-	-
	22,143	28,197	583,880	278,324	27,271
	(1,287,709)	(689,516)	(631,647)	(2,540,203)	795,582
	<u>(663,543)</u>	<u>(292,672)</u>	<u>99,256</u>	<u>(2,032,945)</u>	<u>1,005,763</u>
\$	<u>39,949,708</u>	<u>40,259,336</u>	<u>39,909,241</u>	<u>38,621,527</u>	<u>35,421,233</u>
\$	4,810,606	3,169,229	780,509	(1,979,025)	(6,848,149)
	3,391,891	5,007,213	5,208,923	(140,119)	4,767,743
\$	<u>8,202,497</u>	<u>8,176,442</u>	<u>5,989,432</u>	<u>(2,119,144)</u>	<u>(2,080,406)</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			
	2002	2003	2004	2005
General Fund				
Nonspendable	\$ 161,190	\$ 83,202	\$ 109,018	\$ 121,270
Assigned	-	-	-	-
Unassigned	4,943,081	3,231,839	4,340,265	6,637,473
Total General Fund	<u>\$ 5,104,271</u>	<u>\$ 3,315,041</u>	<u>\$ 4,449,283</u>	<u>\$ 6,758,743</u>
All Other Governmental Funds				
Nonspendable	\$ 8,618,595	\$ 3,771,374	\$ 1,747,334	\$ 474,760
Restricted, reported in:				
Special revenue funds	9,361,788	8,978,230	10,694,901	12,160,318
Debt service funds	396,657	544,725	680,823	1,046,485
Capital projects funds	1,251,034	1,826,137	1,402,123	3,056,376
Permanent fund	26,027	27,522	1,825	28,353
Total all other governmental funds	<u>\$ 19,654,101</u>	<u>\$ 15,147,988</u>	<u>\$ 14,527,006</u>	<u>\$ 16,766,292</u>
Total governmental funds	<u><u>\$ 24,758,372</u></u>	<u><u>\$ 18,463,029</u></u>	<u><u>\$ 18,976,289</u></u>	<u><u>\$ 23,525,035</u></u>

Source: City annual financial statements.

2006	2007	2008	2009	2010	2011
\$ 107,957	\$ 106,943	\$ 129,315	\$ 131,224	\$ 164,319	\$ -
-	-	-	-	-	1,300,000
6,575,442	6,576,574	8,232,519	9,675,674	6,721,096	5,221,748
<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>	<u>\$ 6,521,748</u>
\$ 292,457	\$ 430,082	\$ 405,082	\$ 1,000	\$ 1,000	\$ 157,957
13,044,833	14,652,413	15,105,248	14,189,386	15,339,796	15,178,562
1,437,900	1,765,680	1,385,001	34,911	30,222	33,163
494,641	266,930	278,527	163,965	246,066	402,587
3,318	3,896	21,158	10,278	9,924	9,930
<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>\$ 15,782,199</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>	<u>\$ 22,303,947</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		
	2002	2003	2004
Revenues			
Taxes	\$ 18,279,197	\$ 20,363,469	\$ 22,901,870
Licenses and permits	-	1,937,879	2,184,584
Federal grants	4,796,715	2,638,283	1,722,152
State grants	11,242,918	10,605,532	10,282,660
Charges for services	5,883,450	3,567,137	4,363,152
Fines and forfeitures	-	3,417,929	3,705,665
Interest and rentals	853,598	671,312	512,219
Contributions and donations	-	103,896	536,753
Other revenue	2,983,380	1,159,023	900,444
Total revenues	<u>44,039,258</u>	<u>44,464,460</u>	<u>47,109,499</u>
Expenditures			
General government	9,074,956	10,516,595	10,596,597
Public safety	16,125,179	17,708,881	17,078,156
Public works	14,437,564	17,583,547	15,058,320
Health and welfare	1,990,068	488,231	447,452
Community and economic development	727,664	1,835,118	1,622,347
Recreation and culture	2,495,519	2,981,456	2,870,755
Debt service:			
Principal payments	180,000	485,000	500,000
Interest and paying agent fees	523,932	742,415	723,310
Total expenditures	<u>45,554,882</u>	<u>52,341,243</u>	<u>48,896,937</u>
Excess (deficiency) of revenues over (under) expenditures	(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	4,176,287	3,535,417	3,681,666
Transfers from component units	895,763	500,000	500,000
Transfers out	(5,688,468)	(3,499,863)	(2,075,086)
Sale of capital assets	-	42,980	194,118
Total other financing sources (uses)	<u>8,383,582</u>	<u>578,534</u>	<u>2,300,698</u>
Net change in fund balances	<u>\$ 6,867,958</u>	<u>\$ (7,298,249)</u>	<u>\$ 513,260</u>
Debt service as a percentage of noncapital expenditures	1.75%	2.58%	2.68%

Source: City annual financial statements

2005	2006	2007	2008	2009	2010	2011
\$ 24,308,407	\$ 25,401,427	\$ 26,843,146	\$ 27,791,327	\$ 27,894,711	\$ 28,247,608	\$ 26,381,439
3,139,452	3,176,333	2,889,242	2,561,656	2,455,968	2,926,558	2,691,023
1,259,964	3,698,693	3,082,224	2,907,622	1,787,930	1,830,199	2,001,554
10,062,113	9,970,737	9,803,930	9,661,102	9,261,154	8,676,226	8,703,584
3,857,659	4,812,481	3,589,406	3,735,014	3,806,309	3,688,251	4,281,063
3,992,629	4,412,285	4,145,185	4,396,589	4,175,074	3,929,759	4,129,803
772,796	1,699,490	2,120,566	2,304,081	1,320,563	675,657	498,883
1,036,809	624,994	507,954	1,541,430	1,811,555	1,736,650	1,255,738
821,018	892,986	1,106,180	964,482	1,562,187	862,817	477,906
<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>	<u>50,420,993</u>
9,160,702	11,810,472	12,155,896	8,630,729	9,004,224	8,925,132	8,331,615
18,045,357	19,978,522	20,426,500	24,646,113	25,414,070	26,624,516	24,534,124
15,693,263	19,420,647	15,152,352	13,086,601	14,057,676	13,873,005	12,460,296
473,915	474,420	455,470	597,709	712,703	688,640	765,013
1,349,101	1,766,681	1,569,772	2,307,383	1,405,210	1,864,821	1,843,800
2,954,605	3,232,077	3,284,964	3,986,566	3,912,795	3,670,704	3,549,926
520,000	675,000	715,000	830,000	865,000	910,000	945,000
692,014	817,317	772,931	776,549	710,111	689,500	666,865
<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>	<u>53,096,639</u>
361,890	(3,485,710)	(445,052)	1,001,653	(2,006,338)	(4,672,593)	(2,675,646)
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	7,427,440
-	-	-	-	-	-	-
(5,525,801)	(8,073,240)	(3,556,965)	(2,693,004)	(5,403,007)	(6,271,623)	(4,960,270)
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>2,467,170</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>	<u>\$ (208,476)</u>
2.79%	3.10%	3.00%	3.10%	2.98%	3.01%	3.17%

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

		Real Property Taxable Value				
Tax Year	Fiscal Year	Residential	Commercial	Industrial	Industrial Facilities Tax (IFT)	Total Real
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
2010	2011	1,688,549,090	403,781,590	54,329,690	-	2,146,660,370

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				
\$ 126,792,710	\$ 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	75.6%
135,071,970	5,385,880	140,457,850	1,944,371,299	11.7980	2,608,639,195	74.5%
139,785,294	577,080	140,362,374	2,038,953,627	11.9556	2,746,631,540	74.2%
131,155,090	265,640	131,420,730	2,157,426,170	11.7816	2,871,791,330	75.1%
130,043,660	3,177,250	133,220,910	2,303,209,010	11.6701	3,015,692,720	76.4%
124,894,290	4,931,860	129,826,150	2,439,636,660	11.4366	3,119,200,310	78.2%
113,121,190	4,893,960	118,015,150	2,460,287,390	11.4333	2,991,369,550	82.2%
111,014,890	4,908,820	115,923,710	2,446,695,995	11.6860	2,813,076,355	87.0%
116,007,990	5,712,590	121,720,580	2,268,380,950	11.7131	2,468,153,760	91.9%

**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			
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
2010	2011	7.3947	0.0234	2.0164	0.9965	0.9597	0.3224	11.7131

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		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.	
4.9645	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
5.3361	3.3690	1.5844	6.0000	28.0026	7.7312	22.7100	35.7338	50.7126	1.6477

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

Taxpayer	Assessment Year					
	2001			2010		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	\$ 26,413,130	1	1.51%	\$ 19,469,590	1	0.86%
Beaumont Hospital	16,016,630	4	0.91%	17,129,880	2	0.76%
Flex-N-Gate			-	17,025,760	3	0.75%
Spirit Holdings / Form Tech				13,923,430	4	0.61%
Consumer's Energy	10,394,590	5	0.59%	13,315,880	5	0.59%
Amber Equities, LLC			-	11,268,720	6	0.50%
Co-op Services	9,242,430	6	0.53%	10,248,050	7	0.45%
H2 Royal Oak, LLC				9,111,940	8	0.40%
Main Eleven R.O.			-	9,032,700	9	0.40%
Meijer, Inc.	8,182,040	9	0.47%	7,970,620	10	0.35%
Masco	19,903,410	2	1.14%			-
Hawthorn Metal	16,612,410	3	0.95%			-
National City Bank	8,848,560	7	0.50%			-
Amber Management	8,427,610	8	0.48%			-
Deco Grand	5,805,150	10	0.33%			-
Total taxable value of ten largest taxpayers	129,845,960		7.41%	134,109,270		5.91%
Total taxable value of all other taxpayers	<u>1,622,443,489</u>		<u>92.59%</u>	<u>2,134,271,680</u>		<u>94.09%</u>
Total taxable value of all taxpayers	<u>\$ 1,752,289,449</u>		<u>100.00%</u>	<u>\$ 2,268,380,950</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
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%	58,439	28,236,101	99.75%
2010	2011	26,338,079	26,314,425	99.91%	-	26,314,425	99.91%

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**

	2002	2003	2004	2005
Governmental Activities				
General obligation bonds	\$ 15,975,000	\$ 15,490,000	\$ 14,990,000	\$ 18,170,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Capital leases	-	-	-	-
Loans & other contractual obligations	-	-	-	-
Total	15,975,000	15,490,000	14,990,000	18,170,000
Business-type Activities				
General obligation bonds	27,412,387	25,517,387	24,437,387	23,327,387
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Loans and Contractual obligations	17,866,420	23,320,729	31,280,486	32,744,671
Total	45,278,807	48,838,116	55,717,873	56,072,058
Component Unit Activities				
General obligation bonds	875,000	800,000	725,000	625,000
Loans and Contractual obligations	-	-	-	-
Total	875,000	800,000	725,000	625,000
Total debt of the City	<u>\$ 62,128,807</u>	<u>\$ 65,128,116</u>	<u>\$ 71,432,873</u>	<u>\$ 74,867,058</u>
Total taxable value	\$ 1,752,289,449	\$ 1,851,748,079	\$ 1,994,371,299	\$ 2,038,953,627
Ratio of total debt to taxable value	3.55%	3.52%	3.58%	3.67%
Total population	59,223	58,834	58,485	58,279
Total debt per capita	\$1,049	\$1,107	\$1,221	\$1,285

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

	2006	2007	2008	2009	2010	2011
\$	17,700,000	\$ 17,810,000	\$ 19,625,000	\$ 19,850,000	\$ 18,610,000	\$ 17,335,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	17,700,000	17,810,000	19,625,000	19,850,000	18,610,000	17,335,000
	23,757,387	22,437,387	21,047,387	30,132,387	28,317,387	18,825,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	32,447,026	31,164,996	29,946,268	30,149,462	29,280,006	7,612,387
	56,204,413	53,602,383	50,993,655	60,281,849	57,597,393	26,437,387
	525,000	425,000	300,000	150,000	-	-
	-	-	-	-	-	-
	525,000	425,000	300,000	150,000	-	-
\$	74,429,413	\$ 71,837,383	\$ 70,918,655	\$ 80,281,849	\$ 76,207,393	\$ 43,772,387
\$	2,157,426,170	\$ 2,303,209,010	\$ 2,439,636,660	\$ 2,460,287,390	\$ 2,446,695,995	\$ 2,268,380,950
	3.45%	3.12%	2.91%	3.26%	3.11%	1.93%
	57,984	55,777	54,903	54,365	56,133	57,281
	\$1,284	\$1,288	\$1,292	\$1,477	\$1,358	\$764

**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				
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
2011	11,420,000	5,915,000	33,163	-	17,301,837	2,268,380,950	0.76%	57,281	302

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, 2011**

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 43,772,387	\$ 26,437,387	\$ 17,335,000	\$303	0.76%
Overlapping Debt:	Gross (1)	City share as % of Gross (1)	Net City Share		
Royal Oak School District	72,845,000	96.84%	70,543,098		
Berkley School District	23,165,000	1.95%	451,718		
Clawson School District	28,375,000	1.04%	295,100		
Oakland County at large	97,306,733	4.34%	4,223,112		
Oakland Intermediate School District	63,250,000	4.35%	2,751,375		
Oakland County Community College	5,075,000	4.36%	221,270		
Total Overlapping Debt	290,016,733		78,485,673	\$1,370	5.40%
Total Direct and Overlapping Debt	\$ 333,789,120		\$ 95,820,673	\$1,673	6.16%

(1) Overlapping debt information obtained from Municipal Advisory Committee of Michigan

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Royal Oak. This process recognizes that, when considering the government's ability to issue and repay longterm debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every tax payer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

As of June 30	2002	2003	2004	2005
Valuation base				
State equalized valuation - excluding IFT values	\$ 2,209,484,430	\$ 2,439,739,530	\$ 2,602,654,075	\$ 2,746,054,460
Plus: equivalent valuation of Act 198 exemptions	13,614,260	10,456,211	5,985,120	577,080
Total valuation	<u>\$ 2,223,098,690</u>	<u>\$ 2,450,195,741</u>	<u>\$ 2,608,639,195</u>	<u>\$ 2,746,631,540</u>
Legal debt limitation - 10% of total valuation	\$ 220,267,730	\$ 243,451,142	\$ 259,966,151	\$ 274,576,592
Calculation of debt subject to limit:				
Debt outstanding	61,960,931	65,128,116	71,432,873	74,867,058
Less: Bonds not subject to limit	(29,601,232)	(34,469,219)	(41,917,168)	(42,864,058)
Net debt subject to limit	<u>32,359,699</u>	<u>30,658,897</u>	<u>29,515,705</u>	<u>32,003,000</u>
Additional Debt which can be legally incurred	<u>\$ 187,908,031</u>	<u>\$ 212,792,245</u>	<u>\$ 230,450,446</u>	<u>\$ 242,573,592</u>
Non-exempt debt as a percent of debt limit	1.46%	1.25%	1.13%	1.17%

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.

2006	2007	2008	2009	2010	2011
\$ 2,871,525,690	\$ 3,012,515,470	\$ 3,114,268,450	\$ 2,986,475,590	\$ 2,808,167,535	\$ 2,462,441,170
265,640	3,177,250	4,931,860	4,893,960	4,908,820	5,712,590
<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>	<u>\$ 2,468,153,760</u>
\$ 287,139,287	\$ 301,092,684	\$ 311,920,031	\$ 299,136,955	\$ 281,307,636	\$ 246,815,376
75,282,703	71,837,383	70,918,655	80,281,849	76,207,393	43,772,387
(46,219,294)	(44,273,335)	(43,878,655)	(46,396,849)	(44,452,393)	(26,437,387)
<u>29,063,409</u>	<u>27,564,048</u>	<u>27,040,000</u>	<u>33,885,000</u>	<u>31,755,000</u>	<u>17,335,000</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>	<u>\$ 229,480,376</u>
1.01%	0.91%	0.87%	1.13%	1.13%	0.70%

**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		
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%	
2011	25,940,143	18,970,691	6,969,452	2,758,597	1,228,393	3,986,990	175%	

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
2002	28,902	59,223	\$47,683	\$2,823,930	*	6,555	36,971	3.2%	5,040	6.2%
2003	28,712	58,834	48,940	2,879,336	*	6,311	36,471	3.4%	5,033	7.1%
2004	28,678	58,485	49,776	2,911,149	38.6	6,017	36,205	3.5%	5,043	7.1%
2005	28,722	58,279	51,078	2,976,775	36.2	5,726	36,009	3.5%	5,063	6.8%
2006	28,760	57,984	52,310	3,033,143	39.3	5,496	35,684	3.5%	5,071	6.9%
2007	28,889	55,777	53,429	2,980,109	39.5	5,301	35,342	3.8%	5,038	7.1%
2008	28,674	54,903	54,900	3,014,175	39.9	5,270	34,503	4.4%	4,976	8.3%
2009	28,601	54,365	50,334	2,736,408	40.1	5,489	33,082	8.2%	4,889	13.6%
2010	27,639	56,133	50,334	2,825,398	40.6	5,528	33,222	8.4%	4,852	13.8%
2011	28,169	57,281	50,334	2,883,182	39.1	5,470	32,861	6.7%	4,749	11.1%

Source:

* Information not available

(1) U.S. Census and SEMCOG

(2) 2002-2009 U.S. Department of Commerce, Bureau of Economic Analysis, Regional Barfactrs for Oakland County, MI. 2010-2009 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	2002			2011		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	9,788	1	26.47%	9,602	1	29.22%
City of Royal Oak	Municipality				427	2	1.30%
Royal Oak School District	Education	1,249	2	3.38%	397	3	1.21%
Flex-N-Gate Royal Oak	Automotive supplier				374	4	1.14%
HHI - Form Tech Industries LLC	Automotive Supplier				340	5	1.03%
Meijer, Inc.	Retailer/grocery store	773	4	1.95%	327	6	1.00%
Holiday Market	Grocery store				270	7	0.82%
Consumers Energy	Utility	1,102	3	2.98%	265	8	0.81%
Detroit Zoological Society	Zoo				189	9	0.58%
Oakland Community College	Education				187	10	0.57%
Grand Machining	Industrial Machining	400	5	1.08%			-
Masco Industries	Building products	388	6	1.05%			-
Hawthorne Metal Products	Automotive supplier	380	7	1.03%			-
Newcor Deco Division Inc.	Transportation Equipment	365	8	0.99%			-
Talon Automotive Group	Automotive Stamping	350	9	0.95%			-
Beaumont Services Company	Business Services	348	10	0.94%			-
Total		15,143		40.96%	12,378		37.67%

Sources: Royal Oak Finance Department

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

<u>Function / Program</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>	<u>2011</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	32	33	32	32	31	29	29	27	20
Other police vehicles	21	23	23	23	21	15	16	16	13	15
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	9	9	8	8	8	8	8	8	8
Ambulance vehicles	6	4	4	4	4	4	4	4	4	4
Public Parking										
Spaces	3,459	3,464	3,719	3,557	3,445	3,445	3,424	3,678	3,678	3,678
Decks	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
Lots	862	867	923	923	778	821	1,092	1,244	1,380	1,380
Streets	690	690	696	675	757	757	750	766	766	766
Meters	1,693	1,693	1,760	1,739	1,676	1,717	1,950	2,010	2,151	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	111,080	117,596	131,989	139,309	132,186	139,843	153,499	175,713	185,301	177,803
Public computers	23	23	23	23	36	36	36	36	36	47
Roads and Sidewalks										
Miles of major streets	*	*	*	*	*	64.40	64.40	64.40	64.40	64.40
Miles of local streets	*	*	*	*	*	148.27	148.27	148.27	148.27	148.27
Miles of sidewalk	*	*	*	*	*	420	420	420	420	420.5
Utilities										
Water										
Miles of water main	215	215	215	215	215	215	215	215.50	215.50	217.00
Miles of sewer	357	357	357	357	357	357	357	357.70	357.70	358.50
Number of hydrants	2042	2049	2054	2057	2062	2064	2064	2070	2070	2111
Forestry										
Number of trees in rights-of-way	*	*	*	*	*	21,138	23,121	23,121	23,121	20,781

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Election data (calendar year)										
Registered voters	48,849	48,700	49,605	47,098	46,047	46,111	47,881	47,374	48,167	*
Elections held	3	2	3	3	3	1	3	1	1	*
Voters (at the polls or absentee)	24,575	10,808	35,204	16,645	27,746	8,222	35,357	8,553	7,456	*
Percent voting	50.3%	22.2%	71.0%	35.3%	60.3%	17.8%	73.8%	17.7%	15.5%	*
Vital Records (calendar year)										
Birth	6,825	7,114	6,658	6,230	6,094	6,107	5,975	8,404	5,053	*
Death	1,990	1,947	2,016	1,994	1,995	2,143	2,046	2,017	1,870	*
District Court										
Number of court cases by judges	6,297	7,402	6,934	6,946	7,689	7,404	7,768	7,928	8,081	7,607
Number of court cases by magistrates	6,976	8,818	8,233	9,441	10,725	8,463	9,926	8,190	9,574	7,947
Number of traffic tickets disposed	15,130	28,091	23,940	25,503	27,157	28,146	24,626	20,692	18,797	13,906
Number of criminal cases disposed	1,922	2,589	2,020	2,861	2,706	2,986	4,376	3,354	4,743	4,503
Number of civil cases disposed	2,299	2,722	2,666	2,430	2,662	2,765	3,138	3,288	3,358	3,024
Number of parking tickets disposed	61,039	72,772	90,700	81,211	68,526	86,140	91,226	77,403	87,650	98,003
Assessing										
Parcels (tax / calendar year)	23,029	23,053	23,209	23,328	24,172	24,280	27,867	27,754	27,632	27,608
Documents processed (prior to 2008 PTAs only)	1,184	1,128	1,358	1,033	864	841	3,344	1,254	1,194	4,479
Building and Safety										
Permits issued	2,053	2,012	1,907	1,730	1,522	1,375	1,289	564	1,636	1,741
Estimated permit value (\$000)	\$50,060	\$54,410	\$83,172	\$106,404	\$109,009	\$53,464	\$53,075	\$6,859	\$34,772	\$30,539
Police (calendar year, 2009 through June 30)										
Calls for service	30,717	32,669	33,077	34,340	33,733	31,743	32,140	31,602	31,111	*
Group A offenses	3,277	3,401	3,286	3,635	3,899	3,776	3,616	3,242	2,949	*
Group B offenses	1,296	1,496	1,769	2,260	2,205	2,621	2,590	2,478	2,199	*
Traffic violations issued	22,695	21,884	23,832	23,236	26,956	21,635	20,934	17,212	15,221	*
Parking violations issued	*	*	*	80,314	67,519	92,136	79,776	86,322	88,830	*
Fire										
Fire runs	1,281	1,484	1,510	1,585	1,492	1,620	1,869	1,532	1,625	1,806
Emergency medical runs	3,388	3,518	3,608	3,648	3,573	3,590	3,951	3,828	3,537	3,711
Inspections	*	*	*	165	259	261	271	291	513	435
Human Resources										
Employment applications - full & part-time	1,844	489	975	1,383	985	986	329	548	332	333
Hires, position changes, retirements, terminations	99	67	89	55	64	45	61	49	78	202
Workers' comp. claims filed - medical & indemnity	119	123	102	93	59	62	83	64	66	61
Health insurance enrollees - Employees	346	350	340	330	321	311	300	287	293	242
Health insurance enrollees - Retirees	379	369	382	387	386	389	380	379	391	408

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Library (The library was closed for eight months in FY 2006 during remodeling.)										
Cardholders - new registrations	*	*	*	*	*	*	4,415	4,860	4,620	4,064
Cardholders - total registrations	22,817	22,656	23,894	27,077	29,812	24,364	25,771	28,166	30,700	31,762
Circulation - number of transactions	201,409	249,277	259,987	233,555	155,864	336,445	360,333	405,067	423,356	455,847
Number of visitors	249,140	257,121	252,705	232,888	75,000	296,578	481,986	618,279	653,482	651,552
Number of computer uses	24,388	38,428	33,888	38,902	31,037	104,043	97,482	77,910	65,858	64,075
Number of programs/events offered	*	*	*	*	*	345	435	549	532	510
Number of program/event attendees	*	*	*	*	*	9,513	13,180	15,862	14,664	16,172
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	7,459	*
Recreation program participants	*	*	*	11,694	12,527	15,124	15,756	16,208	16,548	16,560
Golf Course										
Rounds of Golf - Normandy Oaks	*	*	*	*	*	15,107	17,230	16,136	14,224	10,275
Rounds of Golf - Royal Oak	*	*	*	*	*	25,883	27,140	26,017	24,354	17,970
Senior Programs										
Senior activity sessions	*	5,501	5,500	4,654	4,585	4,000	3,794	3,879	4,019	4,147
Senior activity participants	*	115,610	115,000	103,699	98,685	70,909	93,275	95,832	96,549	90,641
Senior meals served on-site and delivered	*	36,983	33,320	37,439	55,712	62,100	42,168	34,010	34,496	28,208
Senior transportation trips	*	16,320	17,839	17,757	17,321	18,000	18,120	18,690	16,755	15,249
Senior AGE program - Service Hours	*	15,000	23,500	24,000	24,000	24,000	24,000	24,000	19,675	24,000
Senior ROSES program in-home support jobs	*	*	3,297	2,995	2,300	2,000	2,045	2,542	2,617	3,164
Public Works / Engineering										
Miles of street resurfaced	9.02	8.17	7.44	0.69	0.46	0.00	2.11	3.00	3.38	2.60
Square feet of sidewalk - removed & replaced	236,280	247,653	329,240	230,710	329,738	*	22,364	31,000	43,465	29,583
Square feet of sidewalk - new	28,732	20,389	14,879	35,628	55,311	*	9,973	1,000	2,069	1,100
Curbside refuse collected (tons)	*	31,785	32,403	30,185	28,620	27,778	28,690	24,939	23,587	23,226
Curbside compost collected (tons)	*	11,073	9,739	8,830	6,706	9,006	10,829	10,432	10,337	9,943
Curbside recyclables collected (tons)	*	4,244	4,279	4,069	3,477	3,043	3,415	3,654	3,754	3,940
Leaf collection (tons)	*	7,005	6,611	6,662	9,680	3,900	5,125	3,643	3,256	10,340
Feet of watermain - replaced	1,792	428	3,620	3,892	3,830	3,693	8,373	9,765	6,048	8,270
Feet of watermain - new	4,200	0	270	1,395	306	1,165	1,160	2,333	2,527	499
Feet of sewer - replaced	245	0	612	0	3,111	579	1,625	1,967	0	0
Feet of sewer - new	1,638	0	95	0	0	1,708	2,155	989	0	0
Utilities - Water and Sewer										
Number of customers billed	23,584	23,605	23,669	23,743	23,802	23,848	23,873	23,894	23,892	23,907
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	266,638,900
Water units billed (100 cubic feet)	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	264,545,100
Wastewater units disposed (100 cubic feet)	*	*	*	*	311,874,000	302,249,700	293,592,500	277,958,800	264,178,600	266,435,300

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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
44th District Court/Probation	22	23	23	23	22	22	22	22	22	20
Administrative Services										
Manager	3	3	3	2	2	2	2	2	2	1.5
Attorney	4	4	4	4	5	4	5	4	4	2.5
City Clerk	7	7	7	7	4	4	4	4	5	4
Human Resources	5	4	5	4	4	4	4	4	4	2
Building	19	12	12	12	11	11	11	11	8	5
Code Enforcement	-	7	7	7	6	5	5	4	6	4
Engineering	12	12	12	9	11	10	10	10	10	7
Planning	5	5	5	5	6	5	5	5	4	4
Block Grant	3	3	3	3	3	3	3	2	1	1
Housing	2	2	2	2	2	2	2	1	2	1
Finance Group	7	7	7	6	6	6	6	6	6	5.6
Assessing	5	5	5	5	5	4	4	4	4	4
Purchasing	1	1	1	1	1	1	1	1	-	-
Treasurer	5	5	5	5	5	5	5	5	4	4
Water Billing	2	1	2	2	2	2	2	1	1	1
Information Systems	5	6	6	6	6	6	6	4	4	4
Subtotal	84	83	85	79	79	74	75	68	65	50.6
Library	15	15	15	15	12	14	13	13	12	12
Public Safety										
Police	122	123	123	117	107	106	107	103	98	82
Fire	72	72	72	68	70	65	63	63	62	56
Subtotal	194	195	195	185	177	171	170	166	160	138
Recreation & Public Services										
Public Service										
Parks & Forestry	16	16	16	14	13	8	8	8	8	2
CH Building Maintenance	2	2	2	2	2	2	2	2	2	2
Highway	22	23	23	20	14	16	16	14	14	-
Motor Pool	12	12	12	12	12	12	12	11	11	10
Electrical	2	2	2	2	2	2	1	1	1	1
Solid Waste	1	-	-	1	1	1	1	1	2	15
Water Maintenance	9	9	9	9	8	9	9	9	8	12
Water Meter Services	6	6	6	6	6	6	6	6	6	5
Sewer Maintenance	10	10	10	10	9	9	9	9	8	9
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	4	2	4	4	3	2	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	90	87	90	86	76	73	72	69	68	64
Total	405	403	408	388	366	354	352	338	327	284.6

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

Source: City Finance Department