

City of Royal Oak, MI



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013

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City of
Royal Oak,
Michigan



Year Ended
June 30, 2013

Comprehensive
Annual
Financial
Report

City Commission

Mayor

James B. Ellison

Mayor Pro Tem

David J. Poulton

Commissioners

Kyle Dubuc
Carlo Ginotti

Michael Fournier
Peggy Goodwin

James Rasor

Administration

City Manager

Donald E. Johnson

Director of Finance
Julie Rudd

Assistant Finance Director/Controller
Anthony C. DeCamp

Prepared by the Finance Department



CITY OF ROYAL OAK, MICHIGAN

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organization Chart	8
List of Principal Officials	9
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet - Governmental Funds	35
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	34
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	36
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	38
Public Safety Fund	39
Solid Waste Fund	40
Community Development Block Grant Fund	41
Statement of Net Position - Proprietary Funds	42
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-Type Activities	43
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	44
Reconciliation of Changes in Net Position of Enterprise Funds to Changes in Net Position of Business-Type Activities	45
Statement of Cash Flows - Proprietary Funds	46
Statement of Fiduciary Net Position	48
Statement of Changes in Fiduciary Net Position	49
Combining Statement of Net Position - Discretely Presented Component Units	50
Combining Statement of Activities - Discretely Presented Component Units	51
Notes to Financial Statements	54

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Schedule of Funding Progress and Employer Contributions City of Royal Oak Retirement System	84
Schedule of Funding Progress and Employer Contributions Retiree Health Fund	85
 Combining and Individual Fund Financial Statements and Schedules	
 Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	92
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Major Streets Fund	96
Local Street Fund	97
Publicity Fund	98
Senior Citizens Program Fund	99
Library Millage Fund	100
State Construction Code Fund	101
ROOTS Fund	102
Grants Fund	103
 Nonmajor Enterprise Funds:	
Combining Statement of Net Position - Nonmajor Enterprise Funds	104
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	105
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	107
 Internal Service Funds:	
Combining Statement of Net Position - Internal Service Funds	108
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	109
Combining Statement of Cash Flows - Internal Service Funds	110
 Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	113
Combining Statement of Changes in Assets and Liabilities - Agency Funds	114

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

	<u>Page</u>
Component Units:	
Balance Sheets - Component Units	116
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities - Component Units	117
Statements of Revenues, Expenditures and Changes in Fund Balances - Component Units	118
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities - Component Units	119
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual:	
Tax Incremental Financing Authority	120
Downtown Development Authority	121
Brownfield Redevelopment Authority	122

STATISTICAL SECTION (UNAUDITED)

Description of Statistical Section	
Financial Trends:	
Net Position by Component	126
Changes in Net Position	128
Fund Balances - Governmental Funds	132
Changes in Fund Balance - Governmental Funds	134
Revenue Capacity:	
Taxable Value and Assessed Value of Taxable Property	136
Property Tax Rates - Direct and Overlapping	138
Principal Property Taxpayers	140
Property Tax Levies and Collections	141
Debt Capacity:	
Ratios of Outstanding Debt	142
Ratio of General Bonded Debt Outstanding	144
Direct and Overlapping Debt	147
Computation of Legal Debt Margin	148
Pledged Revenue Coverage	151
Demographic and Economic Information:	
Demographic Statistics	152
Principal Employers	154
Operating Information:	
Capital Asset Statistics by Function/Program	155
Operating Indicators by Function/Program	156
Authorized Full-time Employees by Function/Program	160



INTRODUCTORY SECTION



November 22, 2013

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, 2013. 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 unmodified opinion for the June 30, 2013 fiscal year's statements. An unmodified 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 approximately 59,500 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 fourth 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 relative to the County average. 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 supporting.

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 74%, 18% commercial property, 2% industrial and 6% personal property. Currently, the industrial, commercial and residential values have vacant parcels and their values are included in these percentages. Vacant properties' taxable values amount to 0.19% of total taxable value for real property. Nine industrial parcels are vacant and thirty-one commercial parcels are vacant. Three hundred twenty-one residential parcels are vacant.

Transportation opportunities are excellent in Royal Oak. Interstate 75 and 696 highways on the 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 labor force is approximately 34,120 persons with per capita personal income at approximately \$53,000. Royal Oak's unemployment rate for September 2013 was 5.3 percent compared favorably to the State's unemployment rate of 8.7 percent for the same period.

Fiscal Highlights

The City prepared a detailed budget with a four year outlook to assist with the financial planning, especially important in these fiscally difficult times. The long-term financial planning that is included in Royal Oak's budget makes general financial projections for four years. 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 four year projected period. The fiscal year 2012-13 original budget provides for the use of nearly all of the general fund fund balance by the end of fiscal year 2013-14. Fortunately, on November 6, 2012 the voters of Royal Oak approved a ballot proposal that authorizes the City to levy up to 3.975 mills for police, fire and EMS operations for five years. After the passage of the millage, the City immediately levied 3.475 mills on the 2012 Winter tax bill. The City plans to levy 3.475 mills for the first two years and the maximum levy for the last three years. Over the next five years, this millage is expected to generate \$38.5 million to support the police and fire/EMS operations. Due to the reallocation of resources caused by the new millage, the general fund will be able to maintain a fund balance within the policy guidelines. The millage allowed for the City to end fiscal year 2012-13 with an unassigned fund balance of nearly \$7.4 million. However, the four year forecast provides for a \$2.5 million use of fund balance by fiscal year 2017-18.

The general fund transferred \$195,000 to the ice arena fund in fiscal year 2012-13 to bail-out the fund from its \$193,363 negative unrestricted net position, in accordance with the deficit elimination plan adopted by the city commission. All other funds ended the year in positive positions. The general fund also transferred \$460,000 to both the IS and motor pool funds in order to repay these monies that were gifted to the general fund a few years ago to prevent the layoff of police and fire officer.

Long-term Financial Planning

Not only did the city prepare a four year forecast during the budget preparation process, for a third year the city administration prepared a comprehensive six-year Capital Improvement Plan (CIP). The CIP was unanimously adopted by the Planning Commission prior to the end of the fiscal year 2013-14 budget process. This capital improvement 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 totaling over \$77 million. By way of the CIP process, it was identified that the city needs to develop a new strategy to fund the six-year major and local street reconstruction demands. The city commission conducts strategic planning sessions each year prior to the administration's budget preparation. The last session identified street funding (and legacy cost) resolutions as major objectives to address in fiscal year 2013-14. Next year's CIP plan document hopes to provide a more refined analysis on future costs and savings generated from capital projects and is expected to grow nearly \$6 million with park projects as the recreation master plan has recently been adopted.

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 original fiscal year 2012-13 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 and Treasury Office's this is becoming extremely difficult to accomplish and has caused some processes to be less efficient.

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 special revenue funds. All of the funds' budgets are reviewed for budget to actual variances on a monthly basis.

Since the implementation of a new integrated financial management system in fiscal year 2011-12, we have provided better financial information for managerial purposes and improved potential for budgetary control which includes executing some 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 received over \$2.5 million in federal grant revenue. We were recipients of \$1.37 million in funds through the Community Development Block Grant. The City was also awarded just under \$950,000 from the Staffing For Adequate Fire & Emergency Response Grant (SAFER), which was part of a \$2.5 million, three year grant covering ten firefighters' wages and fringes. The City received more than \$195,000 via the Assistance to Firefighters grant.

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, 2012. 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 fiscal year 2012-13. 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 by Anthony DeCamp, the City's Assistant Finance Director/Controller, and the balance of the Finance Department staff.

Respectfully submitted,



Julie Rudd
Director of Finance

Approved,



Donald E. Johnson
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

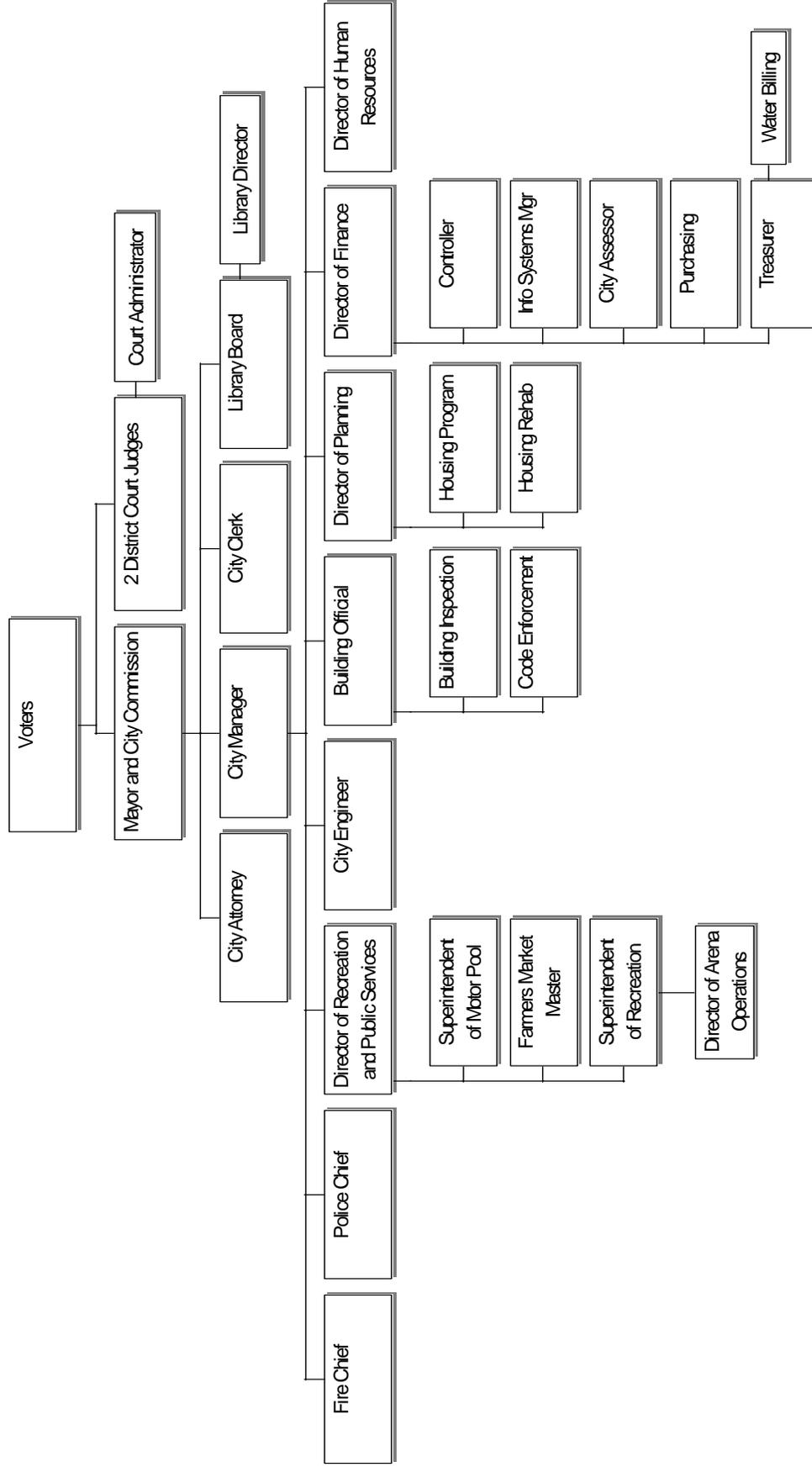
**City of Royal Oak
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF ROYAL OAK, MICHIGAN
Organization Chart
 As of June 30, 2013



CITY OF ROYAL OAK, MICHIGAN

Principal Officials

As of June 30, 2013

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	Matt Callahan
City Treasurer	John F. Kravitz
Assistant Finance Director/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	Chuck Thomas
Director of Human Resources	Mary Jo DiPaolo
Director of the Library	Mary Karshner
Manager of Information Systems	Scott L. Newman
Police Chief	Corrigan O'Donohue
Superintendent of Recreation	Tod A. Gazetti



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

November 22, 2013

To the Honorable Mayor and City Commission
City of Royal Oak, Michigan**Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 22, 2013, on our consideration of the City of Royal Oak, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROYAL OAK, MICHIGAN

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, 2013. 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 and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$234,762,948 (net position). Of this amount, \$18,082,436 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.

- The government's total net position increased by \$11,853,878 as compared to a \$2,735,926 increase in the previous year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,123,975. Approximately 26 percent of this total amount, \$7,391,788 is unassigned, all in the general fund.
- At the end of the current fiscal year, the \$7,391,788 of unassigned fund balance for the general fund was 26 percent of total general fund expenditures and transfers out. 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 \$141,475 or 0.8 percent and total City tax revenue increased \$6,915,580 or 26.9 percent due to the new public safety millage.
- Total governmental fund expenditures increased by \$127,800 or 0.2 percent and general fund expenditures and transfers out decreased by \$5,636,369 or 16.7 percent due to police, fire and ambulance costs moving to the new public safety fund and general government costs decreasing by \$807,305 or 9.2 percent.

Overview of the Financial Statements

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

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

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 and a legally separate Brownfield Redevelopment Authority 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.

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 sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and three other major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual budget in accordance with the General 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.

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 six 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 four 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.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

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. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial 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.

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

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

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.

The City's discretely presented component units do not issue separate financial statements; therefore, the component units' fund financial statements have been included in this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$234,762,948 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (83 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. Although the City'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's net position (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$18,082,436) may be used to meet the government's ongoing obligations to residents and creditors, an increase of \$2,197,247 from 2012.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 56,935,039	\$ 45,197,623	\$ 26,432,920	\$ 24,605,692	\$ 83,367,959	\$ 69,803,315
Capital assets, net	138,954,869	138,505,100	114,767,514	115,187,508	253,722,383	253,692,608
Total assets	<u>195,889,908</u>	<u>183,702,723</u>	<u>141,200,434</u>	<u>139,793,200</u>	<u>337,090,342</u>	<u>323,495,923</u>
Deferred charge on refunding	64,264	70,196	265,181	285,844	329,445	356,040
Long-term liabilities	19,237,326	20,859,993	47,164,634	50,307,968	66,401,960	71,167,961
Other liabilities	32,251,513	25,320,914	4,003,366	4,454,018	36,254,879	29,774,932
Total liabilities	<u>51,488,839</u>	<u>46,180,907</u>	<u>51,168,000</u>	<u>54,761,986</u>	<u>102,656,839</u>	<u>100,942,893</u>
Net position:						
Net investment in						
capital assets	124,348,655	122,759,313	71,310,977	68,690,716	195,659,632	191,450,029
Restricted	21,020,880	15,573,852	-	-	21,020,880	15,573,852
Unrestricted (deficit)	(904,202)	(741,153)	18,986,638	16,626,342	18,082,436	15,885,189
Total net position	<u>\$ 144,465,333</u>	<u>\$ 137,592,012</u>	<u>\$ 90,297,615</u>	<u>\$ 85,317,058</u>	<u>\$ 234,762,948</u>	<u>\$ 222,909,070</u>

The City's net position increased by \$11,853,878 during the current fiscal year as compared to a \$2,735,926 increase in the previous year. The increase is mostly attributed to an increase in current and other assets. It is important to report that the other postemployment benefit (OPEB) liability jumped 39% to \$23,820,170.

Governmental Activities

Governmental activities increased the City's net position by \$6,873,321 as compared to a \$1,614,915 decrease in the previous year, a difference of \$8,488,236 between the two years. This difference is due to an increase in revenue of \$9,936,087 mostly from the public safety millage tax revenue, building permits, landlord licenses, and cable franchise fees. Expenses exceeded program income for all governmental activities with the exception of community and economic development due to the transfer from the DDA for the court building debt payment. Governmental costs were down due to lower general government costs such as personnel and general liability.

Business-type Activities

Business-type activities increased the City's net position by \$4,980,557 as compared to a \$4,350,841 increase in the previous year, a difference of \$629,716 mostly due to charges for services for parking in the auto parking fund. Program revenues and expenses are close to equal with the exception of the water and sewer fund as this fund has been collecting monies to pay cash for ongoing budgeted capital infrastructure projects.

CITY OF ROYAL OAK, MICHIGAN

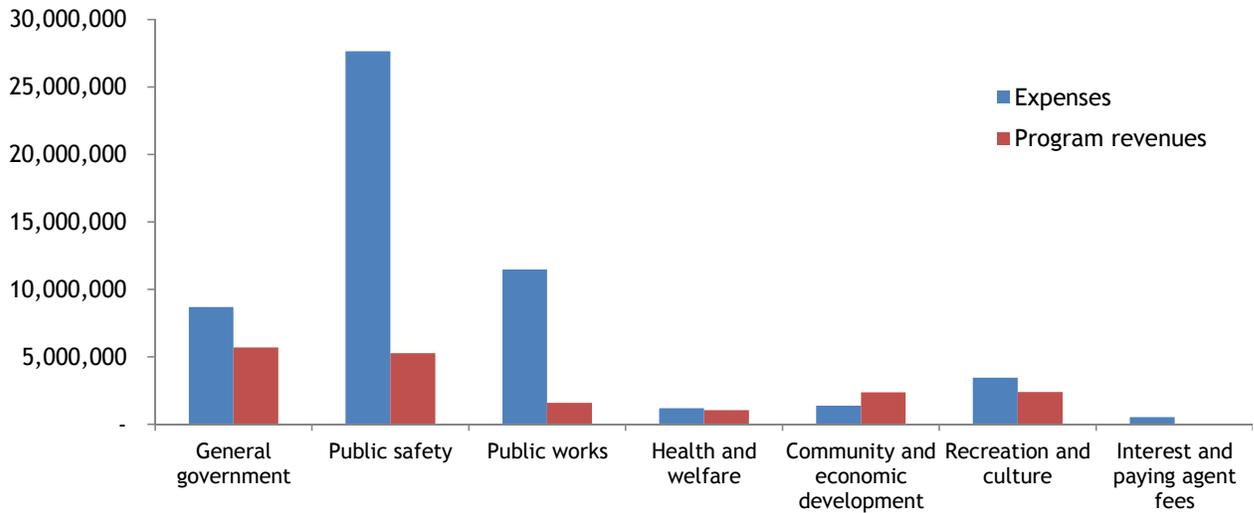
Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 13,723,460	\$ 11,783,538	\$ 32,600,066	\$ 33,297,111	\$ 46,323,526	\$ 45,080,649
Operating grants	4,596,773	4,673,144	747,570	717,417	5,344,343	5,390,561
Capital grants	81,630	277,644	150,919	-	232,549	277,644
General revenues:						
Property taxes	34,016,290	25,576,233	-	-	34,016,290	25,576,233
State shared revenues	8,542,746	8,392,881	-	-	8,542,746	8,392,881
Other	440,785	762,157	-	-	440,785	762,157
Total revenues	61,401,684	51,465,597	33,498,555	34,014,528	94,900,239	85,480,125
Expenses:						
General government	8,685,580	9,235,905	-	-	8,685,580	9,235,905
Public safety	27,661,032	26,655,378	-	-	27,661,032	26,655,378
Public works	11,471,347	11,501,518	-	-	11,471,347	11,501,518
Health and welfare	1,206,154	1,228,451	-	-	1,206,154	1,228,451
Community and economic development	1,384,747	1,914,032	-	-	1,384,747	1,914,032
Recreation and culture	3,465,650	3,497,548	-	-	3,465,650	3,497,548
Interest and paying agent fees	536,155	616,539	-	-	536,155	616,539
Water & sewer	-	-	22,905,058	22,473,658	22,905,058	22,473,658
Parking	-	-	3,117,172	3,081,880	3,117,172	3,081,880
Recreation	-	-	2,229,831	2,159,028	2,229,831	2,159,028
Farmers market	-	-	383,635	380,262	383,635	380,262
Total expenses	54,410,665	54,649,371	28,635,696	28,094,828	83,046,361	82,744,199
Change in net position, before transfers	6,991,019	(3,183,774)	4,862,859	5,919,700	11,853,878	2,735,926
Transfers	(117,698)	1,568,859	117,698	(1,568,859)	-	-
Change in net position	6,873,321	(1,614,915)	4,980,557	4,350,841	11,853,878	2,735,926
Net position:						
Beginning of year, as restated	137,592,012	139,206,927	85,317,058	80,966,217	222,909,070	220,173,144
End of year	\$ 144,465,333	\$ 137,592,012	\$ 90,297,615	\$ 85,317,058	\$ 234,762,948	\$ 222,909,070

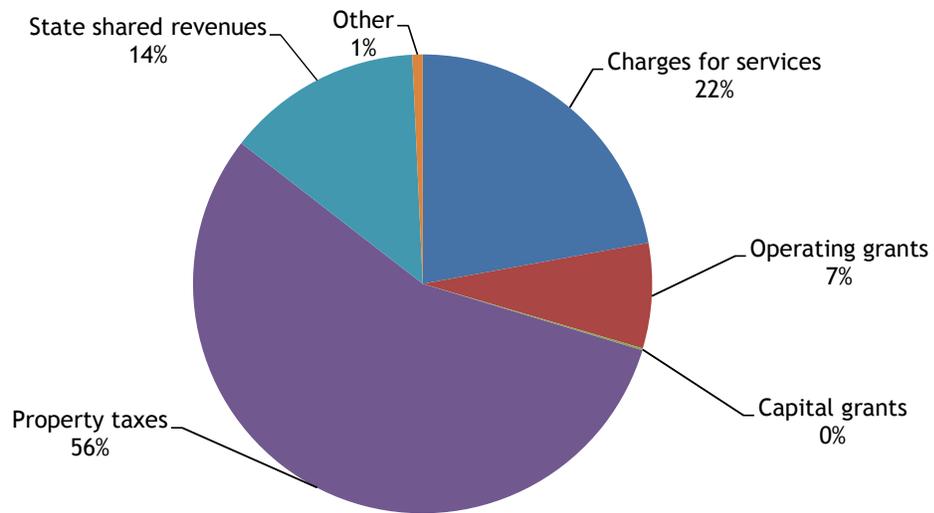
CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Expenses and Program Revenues - Governmental Activities



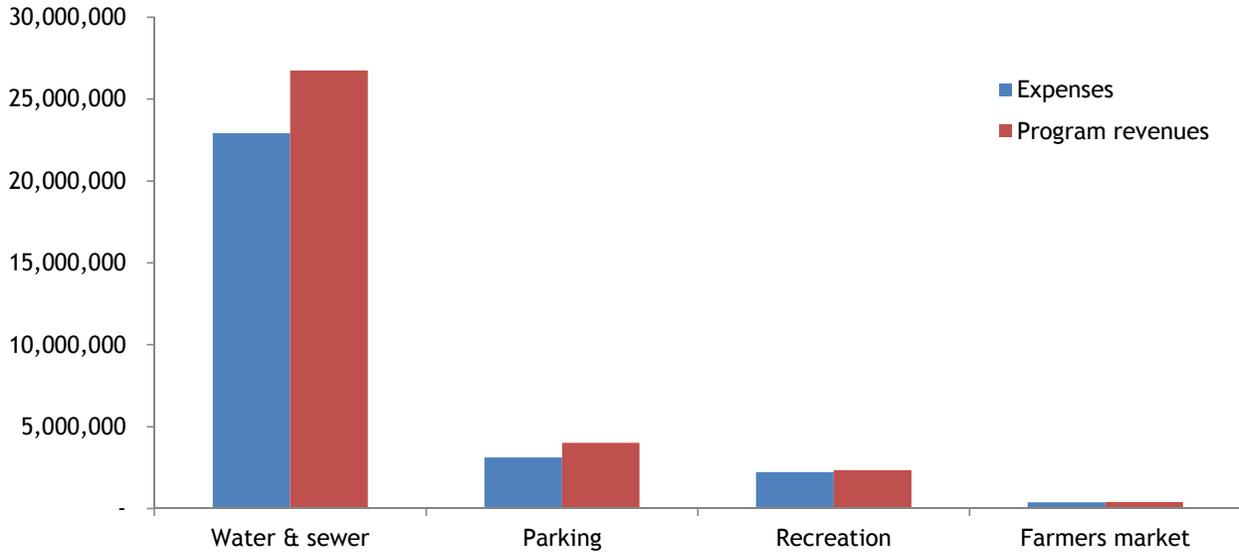
Revenues by Source - Governmental Activities



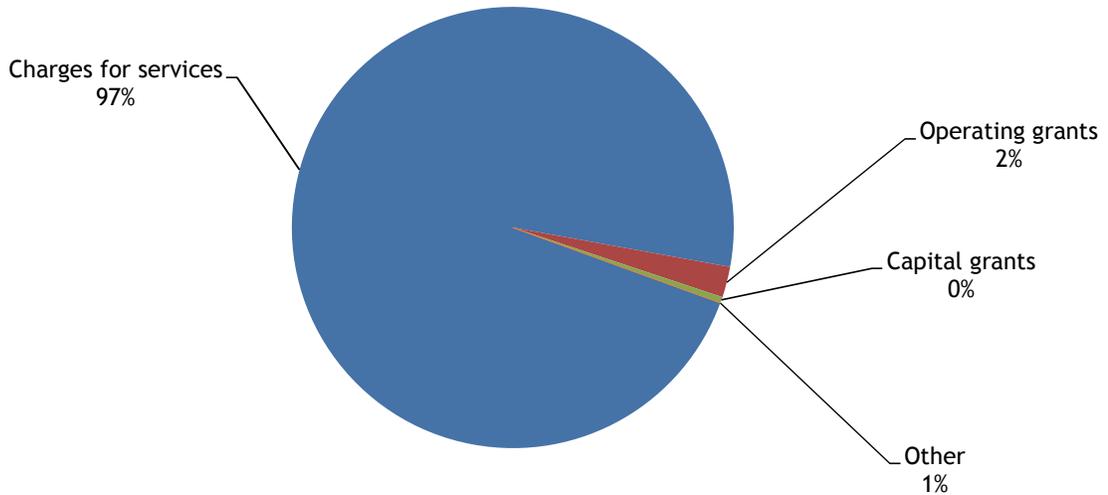
CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City'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'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.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,123,975, a increase of \$5,741,789 in comparison with the prior year. Approximately 26 percent (\$7,391,788) 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 prepaids (\$37,402), inventories (\$178,085) or an endowment (\$1,000), restricted due to restraints of the fund (\$15,288,360) or assigned for eligible retirement bank payouts (\$320,000), OPEB recovery contributions (\$2,630,000) and public safety (\$2,277,340).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,391,788 while total fund balance was \$10,908,916. 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 and transfers out. Unassigned fund balance represents 26 percent of total general fund expenditures and transfers out, while total fund balance represents 39 percent of general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$3,012,424 during the current fiscal year. The original budget allowed for over \$2.8 million use of fund balance. However, with the levy of a new public safety millage and lower general government personnel and general liability costs along with increases in state shared revenue, landlord licenses, cable franchise fees and various fines the fund balance significantly improved.

The public safety fund was created in fiscal year 2012-2013 due to the passage of a five year public safety millage in November 2012. The City is authorized to levy up to 3.975 mills, however, the City levied only 3.475 mills on the winter tax bill. The fund realized an increase in fund balance of \$2,277,340 due to the increased ambulance fee revenue and lower personnel costs (relative to budget) from police and fire position vacancies.

The solid waste fund has a total fund balance of \$6,431,924, 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 \$76,468, which is mostly due to lower personnel, disposal, hauling and motor pool costs.

General Fund Budgetary Highlights

Revenues in the general fund were \$1,009,694 over the final budget and \$67,136 under the original budget. The increase is mostly attributed to an increase with the property tax administration fee collection, cable franchise revenues, dog licenses, state shared revenue, and court traffic fines. Expenditures in the General Fund were \$838,129 less than the amended budget and \$24,524,109 less than the original budget due to \$16,233,710 being changed to a transfer out as opposed to expenditure. This fund was able to return \$460,000 to both the information systems and motor pool funds which was gifted to the general fund in a prior fiscal year to help fund police and fire operations. In addition, the general fund transferred (gifted) \$195,000 to the ice arena fund to rescue the fund from its deficit position and began the annual transfer of \$250,000 to the senior citizens fund in accordance with the public safety millage policy message.

Financial Analysis of the Business-type Funds

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

Unrestricted net position of the water and sewer system at the end of the year amounted to \$11,120,275. The total increase in net position for water and sewer was \$3,384,458, as compared to a \$3,749,759 increase in the previous year. This increase in net position this year was mostly due to a decrease in accounts payable and bonds payable.

Unrestricted net position for the auto parking system fund amounted to \$5,602,409. The total increase in net position for this fund was \$810,883 mostly due to an increase in cash, as the transfer to the general fund was eliminated for one year and the reduction in bonds payable.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

All of the nonmajor enterprise funds unrestricted net positions improved. The ice arena fund has unrestricted net position of \$111,583, an improvement from last year's \$193,363 unrestricted net position deficit. This improvement is due to the general fund's \$195,000 gift transfer to the ice arena fund in accordance with the deficit elimination plan adopted during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$253,722,383 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year is less than 1 percent.

Major capital asset costs during the current year included the continued construction of the local street improvements, water main replacement, sewer line televising and root control improvements, network upgrade and replacement of fleet vehicles and equipment to name some of the projects.

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 66,774,752	\$ 66,774,752	\$ 9,992,579	\$ 9,992,579	\$ 76,767,331	\$ 76,767,331
Buildings	17,449,698	18,112,085	17,895,190	18,625,109	35,344,888	36,737,194
Improvements other than buildings	854,192	946,692	72,856	81,498	927,048	1,028,190
Machinery and equipment	9,667,748	9,987,442	146,621	183,085	9,814,369	10,170,527
Infrastructure	40,422,894	35,223,221	83,105,084	80,328,060	123,527,978	115,551,281
Intangibles	2,427	7,025	-	-	2,427	7,025
Construction in progress	3,783,158	7,453,883	3,555,184	5,977,177	7,338,342	13,431,060
Total	\$ 138,954,869	\$ 138,505,100	\$ 114,767,514	\$ 115,187,508	\$ 253,722,383	\$ 253,692,608

Additional information on the City of Royal Oak's capital assets can be found in Note 7 of this report.

Long-term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$66,401,960. Of this amount, \$26,775,000 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 \$4,965,000 of unlimited general obligation debt. Another \$6,217,387 of the debt was obtained through the State Revolving Fund and is an obligation of the City and five surrounding communities; the City's portion of the debt is \$3,052,227 with the remainder being paid from receipts of the other five communities. Another \$23,739,452 of the debt is the City's portion of County debt issued for the benefit of the City and surrounding communities. The remainder of the debt is composed of vested benefits, general liability claims and unamortized bond discounts and premiums and deferred loss.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Limited general obligation bonds	\$ 9,565,000	\$ 10,510,000	\$ 17,210,000	\$ 18,035,000	\$ 26,775,000	\$ 28,545,000
Unlimited general obligation bonds	4,965,000	5,495,000	-	-	4,965,000	5,495,000
State revolving fund	-	-	6,217,387	6,922,387	6,217,387	6,922,387
Contractual obligations	-	-	23,739,452	25,650,523	23,739,452	25,650,523
Compensated absences	3,527,272	3,438,382	277,756	286,268	3,805,028	3,724,650
General liability claims	551,270	1,205,000	-	-	551,270	1,205,000
Workers compensation claims	488,306	400,628	-	-	488,306	400,628
Less: unamortized discount and premium	140,478	(189,017)	(279,961)	(300,366)	(139,483)	(489,383)
Total	\$ 19,237,326	\$ 20,859,993	\$ 47,164,634	\$ 50,593,812	\$ 66,401,960	\$ 71,453,805

The City's total debt decreased by \$5,051,845 (7 percent) during the current fiscal year, mostly due to reductions in principal of bonds, contractual obligations and general liability claims debt.

The City'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 based on the City's projected use of general fund balance.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current legal debt limitation for the City is \$234,498,801 (10 percent of \$2,344,988,010 assessed valuation). As of June 30, 2013, the City's general obligation debt amounts to only 1.4 percent of assessed value.

Additional information on the City's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, unassigned fund balance in the general fund significantly increased to \$7,391,788 mostly due to the levy of the new public safety millage providing relief to the general fund. The City's original budget forecast demonstrates the continued decline of fund balance and its elimination in the 2014-2015 fiscal year. The City's 2012-2013 fiscal year original budget provides for over \$1.8 million of transfers in from other funds and utilizing nearly \$2.8 million from fund balance. However, on November 6, 2012 the Royal Oak voters approved a five year public safety millage to levy up to 3.975 mills to supplement the general fund. On November 12, 2012 the City Commission authorized the levy of 3.475 mills and amended the budget to provide an additional \$7.1 million of tax revenue. Due to this additional adopted levy, the current budget provides for a contribution to general fund fund balance of nearly \$3.1 million. However, the 2013-2014 fiscal year budget document forecast illustrates the use of fund balance in the later years of the five year forecast resulting in an estimated fund balance of approximately \$4.5 million or 13.75 percent at the end of 2017-2018 fiscal year.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

For fiscal year 2012-2013, 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 rates did not change due to the accumulation of cash as fewer capital projects were accomplished relative to budget. For fiscal year 2013-2014, the City increased the commodity rates by 1 percent to help keep-up with the rising water and sewage commodity rates. SOCWAs water rate increased by 1.1 percent, and the Drain Commission's sewage disposal rate increased 4.9 percent and the flat rate increased 2.7 percent.

Now that the public safety operations and funding concerns have been tentatively resolved, the City administration and legislative body are focused on resolution to the City's street reconstruction and legacy cost funding concerns. The combined unfunded liability of the City's pension and retiree healthcare obligations amount to nearly \$180,000,000 based on the latest actuarial valuations. The administration has begun preparing analysis related to possible solutions to the legacy cost problems. The city commission and administration have begun to have street condition assessment discussions and funding discussions will follow. The current Capital Improvement Plan adopted this year calls for approximately \$29 million needed for necessary major and local street improvements in the next six years. However, the major street and local street funds are nearly depleted. It is the objective of the City commission and administration to have resolution to these two funding issues in fiscal year 2013-2014.

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 Director of Finance, City of Royal Oak, 211 S. Williams Street, Royal Oak, MI 48067.

BASIC FINANCIAL STATEMENTS



CITY OF ROYAL OAK, MICHIGAN

Statement of Net Position

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 48,228,703	\$ 13,707,635	\$ 61,936,338	\$ 1,306,138
Receivables, net of uncollectibles	8,943,103	10,910,197	19,853,300	39,882
Deposits and other assets	955,248	-	955,248	-
Internal balances	(1,607,856)	1,607,856	-	-
Inventories	414,841	207,232	622,073	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets not being depreciated	70,557,910	13,547,763	84,105,673	2,895,755
Capital assets being depreciated, net	68,396,959	101,219,751	169,616,710	1,243,903
Total assets	195,889,908	141,200,434	337,090,342	5,485,678
Deferred outflows of resources				
Deferred charge on refunding	64,264	265,181	329,445	-
Liabilities				
Accounts payable	2,234,831	1,586,068	3,820,899	20,572
Accrued and other liabilities	2,416,237	508,786	2,925,023	2,465
Cash bonds and deposits	1,885,347	12,391	1,897,738	-
Unearned revenue	3,761,808	29,241	3,791,049	-
Long-term debt:				
Due within one year	3,758,788	3,669,482	7,428,270	7,000
Due in more than one year	15,478,538	43,495,152	58,973,690	6,034
Net other postemployment benefits obligation	21,953,290	1,866,880	23,820,170	105,431
Total liabilities	51,488,839	51,168,000	102,656,839	141,502
Net position				
Net investment in capital assets	124,348,655	71,310,977	195,659,632	4,139,658
Restricted for:				
PEG fees	529,726	-	529,726	-
Highways and streets	3,727,242	-	3,727,242	-
Solid waste	6,452,687	-	6,452,687	-
Recreation and culture	2,117,287	-	2,117,287	-
Public safety	1,667,106	-	1,667,106	-
Grants	4,324,798	-	4,324,798	-
Debt service	12,295	-	12,295	-
Capital projects	2,178,392	-	2,178,392	-
Permanent fund:				
Spendable	10,347	-	10,347	-
Nonspendable	1,000	-	1,000	-
Unrestricted (deficit)	(904,202)	18,986,638	18,082,436	1,204,518
Total net position	\$ 144,465,333	\$ 90,297,615	\$ 234,762,948	\$ 5,344,176

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 8,685,580	\$ 5,607,879	\$ 91,736	\$ -	\$ (2,985,965)
Public safety	27,661,032	3,534,643	1,734,267	-	(22,392,122)
Public works	11,471,347	1,176,769	337,905	81,630	(9,875,043)
Health and welfare	1,206,154	1,054,639	-	-	(151,515)
Community and economic development	1,384,747	427,787	1,944,847	-	987,887
Recreation and culture	3,465,650	1,921,743	488,018	-	(1,055,889)
Interest and paying agent fees	536,155	-	-	-	(536,155)
Total governmental activities	54,410,665	13,723,460	4,596,773	81,630	(36,008,802)
Business-type activities:					
Water & sewer	22,905,058	26,532,412	48,095	150,919	3,826,368
Parking	3,117,172	3,348,553	665,331	-	896,712
Recreation	2,229,831	2,326,020	20,189	-	116,378
Farmers market	383,635	393,081	13,955	-	23,401
Total business-type activities	28,635,696	32,600,066	747,570	150,919	4,862,859
Total primary government	\$ 83,046,361	\$ 46,323,526	\$ 5,344,343	\$ 232,549	\$ (31,145,943)
Component units:					
Tax Increment Financing Authority	\$ 2,612,565	\$ -	\$ 133,693	\$ -	\$ (2,478,872)
Downtown Development Authority	28,601	-	-	-	(28,601)
Brownfield Redevelopment Authority	-	-	-	-	-
Total component units	\$ 2,641,166	\$ -	\$ 133,693	\$ -	\$ (2,507,473)

continued...

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (36,008,802)	\$ 4,862,859	\$ (31,145,943)	\$ (2,507,473)
General revenues:				
Property taxes	34,016,290	-	34,016,290	2,841,300
Unrestricted state shared revenues	8,542,746	-	8,542,746	-
Unrestricted investment earnings	153,669	-	153,669	3,408
Miscellaneous	287,116	-	287,116	1,983
Transfers	(117,698)	117,698	-	-
Total general revenues and transfers	42,882,123	117,698	42,999,821	2,846,691
Change in net position	6,873,321	4,980,557	11,853,878	339,218
Net position, beginning of year, as restated	137,592,012	85,317,058	222,909,070	5,004,958
Net position, end of year	\$ 144,465,333	\$ 90,297,615	\$ 234,762,948	\$ 5,344,176

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2013

	General	Public Safety	Solid Waste	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 11,992,462	\$ 2,476,223	\$ 6,815,479	\$ -	\$ 9,283,235	\$ 30,567,399
Receivables, net of uncollectibles	154,936	212,988	31,573	3,626,785	2,029,858	6,056,140
Due from other governmental units	813,570	893,397	-	569,717	610,199	2,886,883
Due from other funds	469,334	-	-	-	-	469,334
Prepaid items	37,402	-	-	-	-	37,402
Inventories	-	-	-	-	178,085	178,085
Restricted assets, cash	-	-	-	-	1,000	1,000
Total assets	\$ 13,467,704	\$ 3,582,608	\$ 6,847,052	\$ 4,196,502	\$ 12,102,377	\$ 40,196,243
Liabilities						
Accounts payable	\$ 368,365	\$ 133,041	\$ 374,306	\$ 88,933	\$ 1,190,403	\$ 2,155,048
Accrued and other liabilities	253,338	1,167,833	20,059	11,450	259,352	1,712,032
Due to other funds	-	-	-	469,334	-	469,334
Cash bonds and deposits	1,871,599	-	-	-	13,748	1,885,347
Unearned revenue	-	-	-	3,626,785	135,023	3,761,808
Total liabilities	2,493,302	1,300,874	394,365	4,196,502	1,598,526	9,983,569
Deferred inflows of resources						
Unavailable revenue - property taxes and special assessments	65,486	4,394	20,763	-	1,998,056	2,088,699
Fund balances						
Nonspendable:						
Prepays	37,402	-	-	-	-	37,402
Inventories	-	-	-	-	178,085	178,085
Endowment	-	-	-	-	1,000	1,000
Restricted:						
PEG fees	529,726	-	-	-	-	529,726
Highways and streets	-	-	-	-	3,549,157	3,549,157
Solid waste	-	-	6,431,924	-	-	6,431,924
Recreation and culture	-	-	-	-	2,110,469	2,110,469
Public safety	-	-	-	-	1,667,106	1,667,106
Grants	-	-	-	-	698,013	698,013
Debt service	-	-	-	-	102,301	102,301
Capital projects	-	-	-	-	189,317	189,317
Permanent fund	-	-	-	-	10,347	10,347
Assigned:						
Eligible retiree bank payouts	320,000	-	-	-	-	320,000
OPEB - contribution recovery	2,630,000	-	-	-	-	2,630,000
Public safety	-	2,277,340	-	-	-	2,277,340
Unassigned	7,391,788	-	-	-	-	7,391,788
Total fund balances	10,908,916	2,277,340	6,431,924	-	8,505,795	28,123,975
Total liabilities, deferred inflows of resources and fund balances	\$ 13,467,704	\$ 3,582,608	\$ 6,847,052	\$ 4,196,502	\$ 12,102,377	\$ 40,196,243

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

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2013

Fund balances for governmental funds	\$ 28,123,975
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets, net of accumulated depreciation	133,847,820
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred outflows in the governmental funds, and thus are not included in fund balance.	
Deferred property taxes and special assessments receivable	2,088,699
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service funds	17,215,489
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Accrued interest on bonds	(92,169)
Bonds payable	(12,160,000)
Unamortized bond discounts	123,322
Unamortized bond premiums	(268,324)
Deferred loss on refunding	64,264
Other postemployment benefit obligation	(21,095,901)
Compensated absences	(3,381,842)
Net position of governmental activities	<u>\$ 144,465,333</u>

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2013

	General	Public Safety	Solid Waste	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 16,524,301	\$ 7,172,424	\$ 6,232,930	\$ -	\$ 2,727,809	\$ 32,657,464
Licenses and permits	1,914,505	5,355	-	-	2,312,084	4,231,944
Federal grants	-	943,632	-	1,368,867	223,989	2,536,488
State grants	4,911,250	-	-	-	4,109,934	9,021,184
Charges for services	2,577,370	1,310,673	2,765	415,505	997,291	5,303,604
Fines and forfeitures	3,990,181	-	-	-	67,189	4,057,370
Interest and rentals	385,141	2,048	21,217	-	116,905	525,311
Contributions and donations	-	375,000	-	-	963,658	1,338,658
Other revenue	287,116	2,932	39,187	7,880	71,090	408,205
Total revenues	30,589,864	9,812,064	6,296,099	1,792,252	11,589,949	60,080,228
Expenditures						
Current:						
General government	7,929,440	-	-	-	70,431	7,999,871
Public safety	445,841	22,726,541	-	-	1,601,202	24,773,584
Public works	1,063,064	-	6,203,897	-	6,280,243	13,547,204
Health and welfare	-	769,483	-	-	-	769,483
Community and economic development	262,513	-	-	1,131,080	32,822	1,426,415
Recreation and culture	732,113	-	-	-	2,530,137	3,262,250
Debt service:						
Principal payments	-	-	-	-	1,020,000	1,020,000
Interest and paying agent fees	-	-	-	-	520,597	520,597
Total expenditures	10,432,971	23,496,024	6,203,897	1,131,080	12,055,432	53,319,404
Revenue over (under) expenditures	20,156,893	(13,683,960)	92,202	661,172	(465,483)	6,760,824
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	4,965,000	4,965,000
Premium on issuance of long-term debt	-	-	-	-	292,966	292,966
Payment to refunded bond escrow agent	-	-	-	-	(5,060,000)	(5,060,000)
Transfers in	444,241	16,223,710	-	-	3,507,192	20,175,143
Transfers out	(17,588,710)	(262,410)	(15,734)	(661,172)	(2,864,118)	(21,392,144)
Total other financing sources (uses)	(17,144,469)	15,961,300	(15,734)	(661,172)	841,040	(1,019,035)
Net change in fund balances	3,012,424	2,277,340	76,468	-	375,557	5,741,789
Fund balances, beginning of year	7,896,492	-	6,355,456	-	8,130,238	22,382,186
Fund balances, end of year	\$ 10,908,916	\$ 2,277,340	\$ 6,431,924	\$ -	\$ 8,505,795	\$ 28,123,975

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

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 5,741,789

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.

Capital outlay	3,136,343
Depreciation expense	(2,326,745)
Loss on disposal of capital assets	(173,661)

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

Net change in deferred property taxes and special assessments receivable	1,358,824
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt	(4,965,000)
Premium on issuance of long-term debt	(292,966)
Payment to refunded bond escrow agent	5,060,000
Principal payments on long-term liabilities	1,020,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	44,857
Amortization of bond discount	(60,417)
Amortization of bond premium	24,642
Amortization of deferred loss on refunding	(5,932)
Change in other postemployment benefit obligation	(6,077,574)
Change in compensated absences	(77,301)

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

Operating income from governmental activities in internal service funds	3,476,387
Interest expense from governmental activities in internal service funds	(109,440)
Gain on sale of capital assets from governmental activities in internal service funds	212
Transfers in from governmental activities in internal service funds	1,099,303

Change in net position of governmental activities \$ 6,873,321

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

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 16,285,000	\$ 16,285,000	\$ 16,524,301	\$ 239,301
Licenses and permits	1,317,500	1,611,500	1,914,505	303,005
Federal grants	1,000,000	-	-	-
State grants	4,691,500	4,691,500	4,911,250	219,750
Charges for services	2,895,580	2,513,750	2,577,370	63,620
Fines and forfeitures	3,458,000	3,858,000	3,990,181	132,181
Interest and rentals	289,420	289,420	385,141	95,721
Contributions and donations	375,000	-	-	-
Other revenue	345,000	331,000	287,116	(43,884)
Total revenues	30,657,000	29,580,170	30,589,864	1,009,694
Expenditures				
Current:				
General government	9,183,850	8,600,780	7,929,440	(671,340)
Public safety	22,989,490	473,800	445,841	(27,959)
Public works	1,076,960	1,139,960	1,063,064	(76,896)
Health and welfare	675,220	-	-	-
Community and economic development	165,540	190,540	262,513	71,973
Recreation and culture	866,020	866,020	732,113	(133,907)
Total expenditures	34,957,080	11,271,100	10,432,971	(838,129)
Revenue over (under) expenditures	(4,300,080)	18,309,070	20,156,893	1,847,823
Other financing sources (uses)				
Transfers in	1,479,160	444,160	444,241	81
Transfers out	-	(17,588,710)	(17,588,710)	-
Total other financing sources (uses)	1,479,160	(17,144,550)	(17,144,469)	81
Net change in fund balance	(2,820,920)	1,164,520	3,012,424	1,847,904
Fund balance, beginning of year	7,896,492	7,896,492	7,896,492	-
Fund balance, end of year	\$ 5,075,572	\$ 9,061,012	\$ 10,908,916	\$ 1,847,904

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ 7,151,420	\$ 7,172,424	\$ 21,004
Licenses and permits	-	6,000	5,355	(645)
Federal grants	-	1,000,000	943,632	(56,368)
Charges for services	-	1,094,420	1,310,673	216,253
Interest and rentals	-	-	2,048	2,048
Contributions and donations	-	375,000	375,000	-
Other revenue	-	-	2,932	2,932
Total revenues	-	9,626,840	9,812,064	185,224
Expenditures				
Current:				
Public safety	-	24,853,830	22,726,541	(2,127,289)
Health and welfare	-	790,220	769,483	(20,737)
Total expenditures	-	25,644,050	23,496,024	(2,148,026)
Revenues over (under) expenditures	-	(16,017,210)	(13,683,960)	2,333,250
Other financing sources (uses)				
Transfers in	-	16,223,710	16,223,710	-
Transfers out	-	(262,410)	(262,410)	-
Total other financing sources (uses)	-	15,961,300	15,961,300	-
Net change in fund balance	-	(55,910)	2,277,340	2,333,250
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ (55,910)	\$ 2,277,340	\$ 2,333,250

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

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 6,200,000	\$ 6,200,000	\$ 6,232,930	\$ 32,930
Charges for services	10,000	10,000	2,765	(7,235)
Interest	8,000	8,000	21,217	13,217
Other revenue	20,000	20,000	39,187	19,187
Total revenues	6,238,000	6,238,000	6,296,099	58,099
Expenditures				
Current -				
Public works	6,633,540	6,633,540	6,203,897	(429,643)
Revenues over (under) expenditures	(395,540)	(395,540)	92,202	487,742
Other financing uses				
Transfers out	(4,000)	(4,000)	(15,734)	11,734
Net change in fund balance	(399,540)	(399,540)	76,468	476,008
Fund balance, beginning of year	6,355,456	6,355,456	6,355,456	-
Fund balance, end of year	\$ 5,955,916	\$ 5,955,916	\$ 6,431,924	\$ 476,008

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Development Block Grant

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 1,093,030	\$ 1,093,030	\$ 1,368,867	\$ 275,837
Charges for services	250,000	250,000	415,505	165,505
Other revenue	948,570	948,570	7,880	(940,690)
Total revenues	2,291,600	2,291,600	1,792,252	(499,348)
Expenditures				
Current -				
Community and economic development	1,214,000	1,414,000	1,131,080	(282,920)
Revenues over (under) expenditures	1,077,600	877,600	661,172	(216,428)
Other financing uses				
Transfers out	(1,000,000)	(800,000)	(661,172)	(138,828)
Net change in fund balance	77,600	77,600	-	(77,600)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 77,600	\$ 77,600	\$ -	\$ (77,600)

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 6,612,156	\$ 6,213,793	\$ 881,686	\$ 13,707,635	\$ 17,661,304
Receivables, net of uncollectibles	7,162,314	10,543	108,692	7,281,549	80
Prepaid items	-	-	-	-	917,846
Inventories	161,608	45,624	-	207,232	236,756
Total current assets	13,936,078	6,269,960	990,378	21,196,416	18,815,986
Noncurrent assets:					
Receivables, net of uncollectibles	3,165,160	-	-	3,165,160	-
Due from other governmental units	463,488	-	-	463,488	-
Capital assets	120,754,774	31,268,537	12,188,315	164,211,626	17,738,343
Accumulated depreciation	(34,543,509)	(10,178,533)	(4,722,070)	(49,444,112)	(12,631,294)
Total noncurrent assets	89,839,913	21,090,004	7,466,245	118,396,162	5,107,049
Total assets	103,775,991	27,359,964	8,456,623	139,592,578	23,923,035
Deferred outflows of resources					
Deferred charge on refunding	-	265,181	-	265,181	-
Liabilities					
Current liabilities:					
Accounts payable	1,365,508	111,476	109,084	1,586,068	79,783
Accrued and other liabilities	351,880	145,781	11,125	508,786	612,036
Cash bonds and deposits	450	11,941	-	12,391	-
Bonds payable, due within one year	2,985,482	545,000	-	3,530,482	380,000
Other long-term liabilities, current	-	-	-	-	519,788
Unearned revenue	-	-	29,241	29,241	-
Compensated absences, current	103,124	22,070	13,806	139,000	72,324
Total current liabilities	4,806,444	836,268	163,256	5,805,968	1,663,931
Noncurrent liabilities:					
Bonds payable	32,910,360	10,446,036	-	43,356,396	1,985,476
Other long-term liabilities	-	-	-	-	519,788
Accrued compensated absences	102,943	22,031	13,782	138,756	73,106
Other postemployment benefit obligation	1,355,386	354,252	157,242	1,866,880	857,389
Total noncurrent liabilities	34,368,689	10,822,319	171,024	45,362,032	3,435,759
Total liabilities	39,175,133	11,658,587	334,280	51,168,000	5,099,690
Net position					
Net investment in capital assets	53,480,583	10,364,149	7,466,245	71,310,977	2,741,573
Unrestricted	11,120,275	5,602,409	656,098	17,378,782	16,081,772
Total net position	\$ 64,600,858	\$ 15,966,558	\$ 8,122,343	\$ 88,689,759	\$ 18,823,345

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

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-Type Activities
June 30, 2013

Net position - total enterprise funds \$ 88,689,759

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in governmental-type internal service funds 1,607,856

Net position of business-type activities \$ 90,297,615

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 26,532,412	\$ 3,348,553	\$ 2,719,101	\$ 32,600,066	\$ 16,771,825
Other	14,782	8,975	23,763	47,520	36,252
Total operating revenues	26,547,194	3,357,528	2,742,864	32,647,586	16,808,077
Operating expenses					
Salaries and benefits	2,604,840	829,660	436,345	3,870,845	9,237,356
Supplies	291,050	145,580	103,616	540,246	865,431
Water purchases	3,611,154	-	-	3,611,154	-
Sewage disposal services	11,365,693	-	-	11,365,693	-
Other services and charges	1,866,584	1,066,123	1,807,690	4,740,397	1,821,165
Depreciation	2,561,090	552,551	300,134	3,413,775	822,894
Total operating expenses	22,300,411	2,593,914	2,647,785	27,542,110	12,746,846
Operating income	4,246,783	763,614	95,079	5,105,476	4,061,231
Nonoperating revenues (expenses)					
Federal grants	-	-	7,852	7,852	-
Interest income	33,313	155,493	2,153	190,959	-
Contributions and donations	150,919	500,863	376	652,158	-
Interest expense	(1,070,612)	(607,818)	-	(1,678,430)	(109,440)
Gain on sale of capital assets	-	-	-	-	212
Total nonoperating revenues (expenses)	(886,380)	48,538	10,381	(827,461)	(109,228)
Income before transfers	3,360,403	812,152	105,460	4,278,015	3,952,003
Transfers					
Transfers in	70,921	-	195,000	265,921	1,126,500
Transfers out	(46,866)	(1,269)	(100,088)	(148,223)	(27,197)
Net transfers	24,055	(1,269)	94,912	117,698	1,099,303
Change in net position	3,384,458	810,883	200,372	4,395,713	5,051,306
Net position, beginning of year, as restated	61,216,400	15,155,675	7,921,971	84,294,046	13,772,039
Net position, end of year	\$ 64,600,858	\$ 15,966,558	\$ 8,122,343	\$ 88,689,759	\$ 18,823,345

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

CITY OF ROYAL OAK, MICHIGAN

■ Reconciliation

Changes in Net Position of Enterprise Funds
to Changes in Net Position of Business-Type Activities
For the Year Ended June 30, 2013

Change in net position - total enterprise funds \$ 4,395,713

Amounts reported for *business-type activities* in the statement of activities
are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the operating income (loss) of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating income (loss) from business-type activities accounted
for in governmental-type internal service funds 584,844

Change in net position of business-type activities \$ 4,980,557

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 27,762,528	\$ 3,348,353	\$ 2,699,936	\$ 33,810,817	\$ -
Internal activity - receipts from other funds	-	-	-	-	16,771,825
Other operating receipts	14,782	8,975	23,763	47,520	36,252
Payments to vendors	(18,145,595)	(1,201,034)	(1,829,806)	(21,176,435)	(2,713,122)
Payments to employees	(2,250,353)	(743,749)	(431,581)	(3,425,683)	(9,503,077)
Internal activity - payments to other funds	-	-	(134,097)	(134,097)	-
Net cash provided by operating activities	7,381,362	1,412,545	328,215	9,122,122	4,591,878
Cash flows from noncapital financing activities					
Federal operating grants	-	-	7,852	7,852	-
Contributions and donations	150,919	500,863	376	652,158	-
Transfers from other funds	70,921	-	195,000	265,921	1,126,500
Transfers to other funds	(46,866)	(1,269)	(100,088)	(148,223)	(27,197)
Net cash provided by noncapital financing activities	174,974	499,594	103,140	777,708	1,099,303
Cash flows from capital and related financing activities					
Purchase of capital assets	(2,993,781)	-	-	(2,993,781)	(636,726)
Principal paid on capital debt	(2,911,071)	(530,000)	-	(3,441,071)	(360,000)
Interest paid on capital debt	(1,063,927)	(573,437)	-	(1,637,364)	(108,724)
Proceeds from sale of capital assets	-	-	-	-	212
Net cash used in capital and related financing activities	(6,968,779)	(1,103,437)	-	(8,072,216)	(1,105,238)
Cash flows from investing activities					
Interest received on investments	33,313	155,493	2,153	190,959	-
Net change in cash and investments	620,870	964,195	433,508	2,018,573	4,585,943
Cash and investments balances, beginning of year	5,991,286	5,249,598	448,178	11,689,062	13,075,361
Cash and investments balances, end of year	\$ 6,612,156	\$ 6,213,793	\$ 881,686	\$ 13,707,635	\$ 17,661,304

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 4,246,783	\$ 763,614	\$ 95,079	\$ 5,105,476	\$ 4,061,231
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,561,090	552,551	300,134	3,413,775	822,894
Changes in assets and liabilities:					
Receivables, net	869,179	100	(48,406)	820,873	871,270
Prepaid items	-	-	-	-	(917,846)
Inventories	54,180	(39,859)	-	14,321	(28,566)
Long-term receivables	359,748	-	-	359,748	-
Due from other governmental units	1,189	-	-	1,189	-
Accounts payable	(1,065,294)	50,528	45,489	(969,277)	48,616
Accrued and other liabilities	44,591	(374)	1,927	46,144	98,975
Due to other funds	-	-	(134,097)	(134,097)	-
Cash bonds and deposits	-	(300)	-	(300)	-
Other long-term liabilities	-	-	-	-	(566,052)
Unearned revenue	-	-	29,241	29,241	-
Accrued compensated absences	(8,892)	(2,457)	2,837	(8,512)	11,589
Other postemployment benefits obligation	318,788	88,742	36,011	443,541	189,767
Net cash provided by operating activities	<u>\$ 7,381,362</u>	<u>\$ 1,412,545</u>	<u>\$ 328,215</u>	<u>\$ 9,122,122</u>	<u>\$ 4,591,878</u>

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and investments	\$ -	\$ 272,432
Receivables, net of uncollectibles	830,286	-
Retirement investments, at fair value		
U.S. government obligations	17,578,836	-
Municipal bonds	6,752,709	-
Corporate bonds	14,776,208	-
Equities	79,013,420	-
Mutual funds	10,809,994	-
Other investments	3,244,388	-
Total investments	<u>132,175,555</u>	<u>-</u>
Total assets	<u>133,005,841</u>	<u>\$ 272,432</u>
Liabilities		
Accounts payable	1,290,513	\$ 81,091
Accrued and other liabilities	1,072	-
Due to other governmental units	-	50
Cash bonds and deposits	-	191,291
Total liabilities	<u>1,291,585</u>	<u>\$ 272,432</u>
Net position		
Held in trust for pension and other employee benefits	<u>\$ 131,714,256</u>	

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2013

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer	\$ 13,406,925
Plan members	877,089
Plan members' buybacks	457,779
Total contributions	<u>14,741,793</u>
Investment earnings:	
Net change in fair value of investments	11,471,993
Interest	1,494,447
Dividends	1,736,091
Other investment revenues	3,702
Total investment gain	<u>14,706,233</u>
Less investment expenses	794,561
Net investment gain	<u>13,911,672</u>
Total additions	<u>28,653,465</u>
Deductions	
Benefits	21,380,520
Refund of contributions	414,254
Administrative expenses	79,975
Total deductions	<u>21,874,749</u>
Change in net position	6,778,716
Net position, beginning of year	<u>124,935,540</u>
Net position, end of year	<u><u>\$ 131,714,256</u></u>

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

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 1,122,252	\$ 81,711	\$ 102,175	\$ 1,306,138
Receivables, net of uncollectibles	37,422	2,460	-	39,882
Capital assets not being depreciated	2,895,755	-	-	2,895,755
Capital assets being depreciated, net	1,243,903	-	-	1,243,903
Total assets	5,299,332	84,171	102,175	5,485,678
Liabilities				
Accounts payable	20,502	70	-	20,572
Accrued and other liabilities	1,917	548	-	2,465
Long-term debt:				
Due within one year	5,474	1,526	-	7,000
Due in more than one year	3,194	2,840	-	6,034
Other postemployment benefit obligation	89,449	15,982	-	105,431
Total liabilities	120,536	20,966	-	141,502
Net position				
Net investment in capital assets	4,139,658	-	-	4,139,658
Unrestricted	1,039,138	63,205	102,175	1,204,518
Total net position	\$ 5,178,796	\$ 63,205	\$ 102,175	\$ 5,344,176

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

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Expenses				
Tax Increment Financing Authority	\$ 2,612,565	\$ -	\$ -	\$ 2,612,565
Downtown Development Authority	-	28,601	-	28,601
Brownfield Redevelopment Authority	-	-	-	-
Total expenses	2,612,565	28,601	-	2,641,166
Program revenues				
Operating grants and contributions	133,693	-	-	133,693
Net expense	(2,478,872)	(28,601)	-	(2,507,473)
General revenues				
Property taxes	2,777,846	51,894	11,560	2,841,300
Unrestricted investment earnings	3,025	138	245	3,408
Other revenue	1,983	-	-	1,983
Total general revenues	2,782,854	52,032	11,805	2,846,691
Change in net position	303,982	23,431	11,805	339,218
Net position, beginning of year	4,874,814	39,774	90,370	5,004,958
Net position, end of year	\$ 5,178,796	\$ 63,205	\$ 102,175	\$ 5,344,176

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



NOTES TO FINANCIAL STATEMENTS

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Royal Oak, the "City", operates under the Council/Manager form of government. The City 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 government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

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, 2013, the City expensed approximately \$4,275,000 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, 2013, the City expensed approximately \$3,611,000 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.

Government-wide and Fund Financial Statements

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, 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 and reported in another fund.

The *public safety fund* accounts for the collection of a separate tax millage, in addition to general fund budgeted amounts, that are used to fund police, fire, and emergency medical services.

The *solid waste fund* accounts for the collection of a separate tax millage that is used to fund refuse collection and disposal.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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:

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

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

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

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

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

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, and contributions for the ROOTS 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

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

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

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

Deposits and Investments

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

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

Receivables and Payables

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

Inventories and Prepaid Items

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

Restricted Assets

Certain revenues and resources of the City are classified as restricted assets on the statement of net position because their use is limited. Permanent fund restricted assets are restricted by a legal endowment.

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:

	Years
Buildings and renovations	25-45
Improvements	10-20
Infrastructure	40-45
Vehicles	3-10
Equipment	5-15
Intangibles	3-10

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

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

Long-Term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes and special assessments receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission (the City's highest level of decision-making authority). A formal resolution of the City Commission is required to establish, modify, or rescind a fund balance commitment. Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. By resolution, the City Commission has transferred the authority to assign fund balance to the Finance Director. Unassigned fund balance is the residual classification for the general fund.

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

2. 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 amendments 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 material changes in appropriation categories, from expenditures to transfers.

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. The City did not have any significant encumbrances at year-end.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2013, the City incurred expenditures in certain budgeted funds which were in excess of the amount appropriated, as follows:

	Budget Appropriation	Actual Expenditure	Variance
General Fund			
Community and economic development	\$ 190,540	\$ 262,513	\$ 71,973
Solid Waste			
Transfers out	4,000	15,734	11,734

4. DEPOSITS AND INVESTMENTS

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

The City'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 invested by Merrill Lynch.

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 61,936,338	\$ 1,306,138	\$ 63,242,476
Restricted assets (endowments cash)	1,000	-	1,000
	<u>61,937,338</u>	<u>1,306,138</u>	<u>63,243,476</u>
Statement of Fiduciary Net Position			
Pension and OPEB trust funds:			
Investments	132,175,555	-	132,175,555
Agency funds:			
Cash and investments	272,432	-	272,432
	<u>132,447,987</u>	<u>-</u>	<u>132,447,987</u>
Total	<u>\$ 194,385,325</u>	<u>\$ 1,306,138</u>	<u>\$ 195,691,463</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Deposits and investments

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 63,203,846
Investments:	
Debt securities	42,352,141
Equity securities	79,013,420
Mutual funds	11,117,510
Cash on hand	<u>4,546</u>
Total	<u>\$ 195,691,463</u>

Investment and deposit risk

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City had the following debt securities and maturities as of June 30, 2013:

Investment	Investment Maturities				
	Fair Value	Due in < 1 Year	Due in 1 - 5 Years	Due in 6 - 10 Years	Due in > 10 Years
U.S. agencies	\$ 17,578,836	\$ -	\$ 9,963,589	\$ 2,117,447	\$ 5,497,800
Municipal bonds	6,752,709	160,034	1,405,377	2,610,083	2,577,215
Corporate bonds	14,776,208	-	5,318,505	4,847,982	4,609,721
Governmental money market funds	3,244,388	3,244,388	-	-	-
	<u>\$ 42,352,141</u>	<u>\$ 3,404,422</u>	<u>\$ 16,687,471</u>	<u>\$ 9,575,512</u>	<u>\$ 12,684,736</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

S&P Rating	U.S. Agencies	Municipal Bonds	Corporate Bonds	Governmental Money Market Funds	Total
AAA	\$ -	\$ 1,930,997	\$ 1,766,257	\$ -	\$ 3,697,254
AA+	-	1,969,234	763,064	-	2,732,298
AA	-	1,294,755	748,680	-	2,043,435
AA-	-	228,466	356,712	-	585,178
A+	-	263,324	659,961	-	923,284
A	-	786,140	1,849,786	-	2,635,925
A-	-	12,082	3,277,624	-	3,289,706
BBB	-	-	1,279,937	-	1,279,937
BBB+	-	34,923	473,708	-	508,631
BBB-	-	-	1,634,790	-	1,634,790
BB+	-	-	212,946	-	212,946
B-	-	-	19,554	-	19,554
*	17,578,836	-	-	-	17,578,836
N/R	-	232,790	1,733,189	3,244,388	5,210,367
	<u>\$ 17,578,836</u>	<u>\$ 6,752,709</u>	<u>\$ 14,776,208</u>	<u>\$ 3,244,388</u>	<u>\$ 42,352,141</u>

*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 AA+ by Standard & Poors.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The 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's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of June 30, 2013, \$60,827,616 of the City's bank balance of \$62,409,883 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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 does not have a policy for investment custodial credit risk. Of the above investments, the City has a custodial credit risk exposure of \$14,776,208 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk, and the City does not have a policy specifying limits on concentration of credit risk. At June 30, 2013, 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.

5. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units	Not Expected to be Collected Within One Year
Accounts	\$ 398,191	\$ 10,634,857	\$ -	\$ 3,165,160
Loans	3,626,785	-	-	3,626,785
Taxes (current)	24,561	-	7,457	-
Taxes (delinquent)	91,560	-	38,419	-
Special assessments	1,989,075	-	-	1,718,171
Intergovernmental	2,886,883	463,488	-	463,488
Interest and other	70,742	15,660	983	-
Less: allowance for uncollectibles	(144,694)	(203,808)	(6,977)	-
	<u>\$ 8,943,103</u>	<u>\$ 10,910,197</u>	<u>\$ 39,882</u>	<u>\$ 8,973,604</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, was as follows:

	Due from Other Funds	Due to Other Funds
General	\$ 469,334	\$ -
Community development block grant	-	469,334
	<u>\$ 469,334</u>	<u>\$ 469,334</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$1,607,856. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

Transfers Out	Transfers In			
	General Fund	Public Safety	Nonmajor Governmental Funds	Water & Sewer Fund
General fund	\$ -	\$ 16,223,710	\$ 250,000	\$ -
Public safety	-	-	55,910	-
Solid waste fund	-	-	15,734	-
Community development block grant	-	-	661,172	-
Nonmajor governmental funds	444,241	-	2,348,956	70,921
Water & sewer fund	-	-	46,866	-
Automobile parking system	-	-	1,269	-
Nonmajor enterprise funds	-	-	100,088	-
Internal service funds	-	-	27,197	-
	<u>\$ 444,241</u>	<u>\$ 16,223,710</u>	<u>\$ 3,507,192</u>	<u>\$ 70,921</u>

Transfers Out	Transfers In		
	Nonmajor Enterprise Funds	Internal Service Funds	Total
General fund	\$ 195,000	\$ 920,000	\$ 17,588,710
Public safety	-	206,500	262,410
Solid waste fund	-	-	15,734
Community development block grant	-	-	661,172
Nonmajor governmental funds	-	-	2,864,118
Water & sewer fund	-	-	46,866
Automobile parking system	-	-	1,269
Nonmajor enterprise funds	-	-	100,088
Internal service funds	-	-	27,197
	<u>\$ 195,000</u>	<u>\$ 1,126,500</u>	<u>\$ 21,567,564</u>

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Primary Government

Capital asset activity for the current year was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 66,774,752	\$ -	\$ -	\$ -	\$ 66,774,752
Construction in progress	7,453,883	3,153,939	(173,661)	(6,651,003)	3,783,158
	<u>74,228,635</u>	<u>3,153,939</u>	<u>(173,661)</u>	<u>(6,651,003)</u>	<u>70,557,910</u>
Capital assets, being depreciated:					
Buildings	30,837,454	-	(39,706)	(95,231)	30,702,517
Improvements other than buildings	4,394,242	-	(65,956)	-	4,328,286
Machinery and equipment	20,652,852	619,130	(1,060,575)	95,231	20,306,638
Infrastructure	98,804,293	-	-	6,651,003	105,455,296
Intangibles	415,568	-	(60,960)	-	354,608
	<u>155,104,409</u>	<u>619,130</u>	<u>(1,227,197)</u>	<u>6,651,003</u>	<u>161,147,345</u>
Less accumulated depreciation for:					
Buildings	(12,725,369)	(655,483)	39,706	88,327	(13,252,819)
Improvements other than buildings	(3,447,550)	(92,500)	65,956	-	(3,474,094)
Machinery and equipment	(10,665,410)	(697,494)	780,009	(55,995)	(10,638,890)
Infrastructure	(63,581,072)	(1,699,564)	280,566	(32,332)	(65,032,402)
Intangibles	(408,543)	(4,598)	60,960	-	(352,181)
	<u>(90,827,944)</u>	<u>(3,149,639)</u>	<u>1,227,197</u>	<u>-</u>	<u>(92,750,386)</u>
Total capital assets being depreciated, net	<u>64,276,465</u>	<u>(2,530,509)</u>	<u>-</u>	<u>6,651,003</u>	<u>68,396,959</u>
Governmental activities capital assets, net	<u>\$ 138,505,100</u>	<u>\$ 623,430</u>	<u>\$ (173,661)</u>	<u>\$ -</u>	<u>\$ 138,954,869</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 9,992,579	\$ -	\$ -	\$ -	\$ 9,992,579
Construction in progress	5,977,177	2,993,781	-	(5,415,774)	3,555,184
	<u>15,969,756</u>	<u>2,993,781</u>	<u>-</u>	<u>(5,415,774)</u>	<u>13,547,763</u>
Capital assets, being depreciated:					
Buildings	30,793,758	-	(27,400)	(108,843)	30,657,515
Improvements other than buildings	311,957	-	(9,382)	-	302,575
Machinery and equipment	1,292,304	-	(12,838)	108,843	1,388,309
Infrastructure	112,899,690	-	-	5,415,774	118,315,464
	<u>145,297,709</u>	<u>-</u>	<u>(49,620)</u>	<u>5,415,774</u>	<u>150,663,863</u>
Less accumulated depreciation for:					
Buildings	(12,168,649)	(728,853)	27,400	107,777	(12,762,325)
Improvements other than buildings	(230,459)	(8,642)	9,382	-	(229,719)
Machinery and equipment	(1,109,219)	(37,530)	12,838	(107,777)	(1,241,688)
Infrastructure	(32,571,630)	(2,638,750)	-	-	(35,210,380)
	<u>(46,079,957)</u>	<u>(3,413,775)</u>	<u>49,620</u>	<u>-</u>	<u>(49,444,112)</u>
Total capital assets being depreciated, net	<u>99,217,752</u>	<u>(3,413,775)</u>	<u>-</u>	<u>5,415,774</u>	<u>101,219,751</u>
Business-type activities capital assets, net	<u>\$ 115,187,508</u>	<u>\$ (419,994)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,767,514</u>

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

Depreciation of governmental activities by function	
General government	\$ 447,300
Public safety	240,321
Public works	1,330,386
Health and welfare	8,706
Recreation and culture	300,032
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>822,894</u>
Total depreciation expense - governmental activities	<u>\$ 3,149,639</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function	
Water and sewer	\$ 2,561,090
Parking	552,551
Ice Arena	143,022
Recreation	87,932
Farmers market	<u>69,180</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 3,413,775</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2013. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Buildings	\$ 81,082	\$ 76,824
Street Projects	3,316,661	6,220,059
Water Projects	3,304,682	1,885,317
Sidewalks	<u>2,474,268</u>	<u>2,003,043</u>
 Total	 <u><u>\$ 9,176,693</u></u>	 <u><u>\$ 10,185,243</u></u>

Oakland County has a major contract on the George W. Kuhn project, of the amount spent to date \$38,604,153 is attributable to the City.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - TIFA					
Capital assets, not being depreciated:					
Land	\$ 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
	<u>2,049,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,049,406</u>
Less accumulated depreciation for:					
Improvements other than buildings	(318,467)	(90,653)	-	(124,343)	(533,463)
Infrastructure	(374,270)	(22,113)	-	124,343	(272,040)
	<u>(692,737)</u>	<u>(112,766)</u>	<u>-</u>	<u>-</u>	<u>(805,503)</u>
Total capital assets being depreciated, net	<u>1,356,669</u>	<u>(112,766)</u>	<u>-</u>	<u>-</u>	<u>1,243,903</u>
Component unit - TIFA capital assets, net	<u>\$ 4,252,424</u>	<u>\$ (112,766)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,139,658</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

8. LONG-TERM DEBT

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Limited tax general obligation - Court	\$ 4,755,000	\$ -	\$ (310,000)	\$ 4,445,000	\$ 325,000
Limited tax general obligation - Library	2,570,000	-	(190,000)	2,380,000	195,000
Limited tax general obligation bonds	3,185,000	-	(445,000)	2,740,000	465,000
Unlimited tax general obligation bonds	5,495,000	4,965,000	(5,495,000)	4,965,000	490,000
Total installment debt	16,005,000	4,965,000	(6,440,000)	14,530,000	1,475,000
Unamortized discount	(199,685)	-	63,318	(136,367)	-
Unamortized premium	10,668	292,966	(26,789)	276,845	-
Compensated absences	3,438,382	2,277,000	(2,188,110)	3,527,272	1,764,000
General liability claims	1,205,000	207,900	(861,630)	551,270	275,635
Workers compensation	400,628	412,791	(325,113)	488,306	244,153
Total governmental activities	\$ 20,859,993	\$ 8,155,657	\$ (9,778,324)	\$ 19,237,326	\$ 3,758,788
Business-type Activities					
Limited tax general obligation - Parking	\$ 11,710,000	\$ -	\$ (530,000)	\$ 11,180,000	\$ 545,000
Limited tax general obligation - Water Drain bond - North Arm Relief Drain	6,325,000	-	(295,000)	6,030,000	305,000
Contractual obligations	6,922,387	-	(705,000)	6,217,387	720,000
Total installment debt	25,650,523	-	(1,911,071)	23,739,452	1,960,482
Unamortized discount	50,607,910	-	(3,441,071)	47,166,839	3,530,482
Compensated absences	(300,366)	-	20,405	(279,961)	-
	286,268	178,000	(186,512)	277,756	139,000
Total business-type activities	\$ 50,593,812	\$ 178,000	\$ (3,607,178)	\$ 47,164,634	\$ 3,669,482
Component Units					
Compensated absences	\$ 14,288	\$ 7,000	\$ (8,254)	\$ 13,034	\$ 7,000

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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, \$145,430 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

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

Purpose	Interest Rate	Maturing Through	Original Issue Amount	Principal Outstanding
Governmental activities	3.0% - 6.25%	2029	\$ 8,475,000	\$ 5,120,000
Governmental activities - refunding	4.0 % - 4.375%	2024	11,555,000	9,410,000
Business-type activities	2.25% - 6.25%	2029	60,354,132	38,710,527
Business-type activities - refunding	4.0 - 5.125%	2026	12,722,949	8,456,312

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,475,000	\$ 531,862	\$ 3,530,482	\$ 1,628,412
2015	1,520,000	482,203	3,640,922	1,520,564
2016	1,495,000	429,671	3,755,488	1,408,367
2017	1,445,000	375,815	3,873,120	1,290,600
2018	1,395,000	322,212	3,993,321	1,167,389
2019-2023	6,430,000	840,532	18,902,280	3,940,743
2024-2028	720,000	72,563	8,480,058	1,164,162
2029	50,000	1,563	991,168	30,092
	<u>\$ 14,530,000</u>	<u>\$ 3,056,421</u>	<u>\$ 47,166,839</u>	<u>\$ 12,150,329</u>

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 \$38,604,153 with an interest rate of 1.65-4.5%. As of June 30, 2013, the City’s obligation is \$23,125,588 in principal.

Advanced Refunding

During fiscal year 2013, the City advance refunded \$5,060,000 of Building Authority Series 2001A unlimited tax general obligation bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$4,965,000 of refunded debt. As a result, the certificates are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a net present value savings of \$614,380 and an economic gain of \$661,854.

9. 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 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 2012 and 2013 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2012	\$ 726,000	\$ 700,497	\$ (221,497)	\$ 1,205,000
2013	1,205,000	207,900	(861,630)	551,270

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

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

Changes in the reported liability for the fiscal years 2012 and 2013 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2012	\$ 835,694	\$ 42,961	\$ (478,027)	\$ 400,628
2013	400,628	412,791	(325,113)	488,306

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 2012 and 2013 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2012	\$ 450,000	\$ 8,044,160	\$ (8,044,160)	\$ 450,000
2013	450,000	7,246,107	(7,157,036)	539,071

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

10. 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 9).

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.

11. 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, 2013 was approximately \$16,868,000.

At June 30, 2012 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	557
Current full-time employees:	<u>242</u>
Total members	<u><u>799</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 75 percent of FAC.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

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

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

Significant Accounting Policies. The system is included in the City's financial statements as a pension trust fund. A stand-alone financial report has not been issued. The assets of the pension trust fund included no securities of or loans to the City or any other related party. At June 30, 2013, 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 position available for benefits.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment 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, 2013, the City's annual pension cost of \$6,208,560 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 11.46% of annual covered payroll and an additional \$2,002,375 for general employees and 28.71% 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			
Years Ended June 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2011	\$ 4,562,789	100%	\$ -
2012	5,268,941	100%	-
2013	6,208,560	100%	-

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the Plan was 65.1 percent funded. The actuarial accrued liability for benefits was \$190,595,369, and the actuarial value of assets was \$124,013,356, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,582,013. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,846,779, and the ratio of the UAAL to the covered payroll was 420.2 percent.

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.

12. OTHER POSTEMPLOYMENT BENEFITS

The City provides post employment health and dental care benefits, as per the requirements of union contracts, for certain retirees and their dependents. The benefits vary depending on a retiree's years of service and the union contract under which they retired. Currently, 442 retirees are eligible. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

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 most full-time employees of the City. At June 30, 2012 (the date of the most recent actuarial report), membership consisted of:

Active service members:	
General employees	127
Public safety employees	107
Deferred members	7
Retired members and beneficiaries	421
	<hr/>
	662
	<hr/> <hr/>

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, 2013. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2013, there were no investments in any one organization in excess of five percent of net position available for benefits.

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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, 2013, the City contributed \$7,198,365.

Three-Year Trend Information			
Years Ended June 30,	Annual OPEB Cost (AOC)	Percentage Contributed	Net OPEB Obligation
2011	\$ 14,410,869	51%	\$ 6,732,939
2012	14,009,728	48%	17,192,662
2013	13,931,304	52%	23,925,601

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 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, 2010, 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 4.25 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, 2013 of 27 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 14,035,208
Interest on net OPEB obligation	687,702
Adjustment to annual required contribution	<u>(791,606)</u>
Net OPEB cost (expense)	13,931,304
Contributions made	<u>(7,198,365)</u>
Increase in net OPEB obligation	6,732,939
Net OPEB obligation, beginning of year	<u>17,192,662</u>
Net OPEB obligation, end of year	<u><u>\$ 23,925,601</u></u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation, the Plan was 5.9 percent funded. The actuarial accrued liability for benefits was \$120,307,082, and the actuarial value of assets was \$7,141,449, resulting in an unfunded actuarial accrued liability (UAAL) of \$113,165,633. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,463,185, and the ratio of the UAAL to the covered payroll was 731.8 percent.

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.

13. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Assets			
Receivables, net of uncollectibles	\$ 489,474	\$ 340,812	\$ 830,286
Retirement investments, at fair value			
U.S. government obligations	17,578,836	-	17,578,836
Municipal bonds	6,752,709	-	6,752,709
Corporate bonds	14,776,208	-	14,776,208
Equities	79,013,420	-	79,013,420
Mutual funds	2,564,421	8,245,573	10,809,994
Other investments	3,244,388	-	3,244,388
Total assets	124,419,456	8,586,385	133,005,841
Liabilities			
Accounts payable	344,244	946,269	1,290,513
Accrued and other liabilities	27	1,045	1,072
Total liabilities	344,271	947,314	1,291,585
Net position			
Held in trust for:			
Employees' pension benefits	124,075,185	-	124,075,185
Other postemployment benefits	-	7,639,071	7,639,071
Total net position	\$ 124,075,185	\$ 7,639,071	\$ 131,714,256

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Changes in Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 6,208,560	\$ 7,198,365	\$ 13,406,925
Plan members	877,089	-	877,089
Plan members' buyback	457,779	-	457,779
Total contributions	7,543,428	7,198,365	14,741,793
Investment earnings:			
Net change in fair value of investments	10,586,636	885,357	11,471,993
Interest	1,491,544	2,903	1,494,447
Dividends	1,736,091	-	1,736,091
Other investment revenues	3,702	-	3,702
Total investment gain	13,817,973	888,260	14,706,233
Investment expense	794,561	-	794,561
Net investment gain	13,023,412	888,260	13,911,672
Total additions	20,566,840	8,086,625	28,653,465
Deductions			
Benefits	13,808,518	7,572,002	21,380,520
Refund of contributions	414,254	-	414,254
Administrative expenses	62,975	17,000	79,975
Total deductions	14,285,747	7,589,002	21,874,749
Change in net position	6,281,093	497,623	6,778,716
Net position, beginning of year	117,794,092	7,141,448	124,935,540
Net position, end of year	\$ 124,075,185	\$ 7,639,071	\$ 131,714,256

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

14. 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:

Bargaining Unit	Date	City Contribution	Employee Contribution
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%
Foreman 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, 2013, there were 18 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, 2013, were \$33,953 by the employees and \$47,177 by the City.

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2013, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 70,557,910	\$ 13,547,763	\$ 2,895,755
Capital assets being depreciated, net	68,396,959	101,219,751	1,243,903
	<u>138,954,869</u>	<u>114,767,514</u>	<u>4,139,658</u>
Related debt:			
General obligation bonds	14,530,000	23,427,387	-
Less amounts owed from other communities	-	(3,165,160)	-
Contractual obligations	-	23,739,452	-
Bond discount	(136,367)	(279,961)	-
Bond premium	276,845	-	-
Deferred charge on refunding	(64,264)	(265,181)	-
	<u>14,606,214</u>	<u>43,456,537</u>	<u>-</u>
Net investment in capital assets	\$ 124,348,655	\$ 71,310,977	\$ 4,139,658

CITY OF ROYAL OAK, MICHIGAN

■ Notes to Financial Statements

16. RESTATEMENTS

The City adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. In addition to the revised classification of certain financial elements in the financial statements, the implementation of GASB Statement No. 65 resulted in a restatement of net position due to the elimination of the presentation of bond issuance costs as an asset amortized over the life of the related bonds. As a result of this change in accounting principle, beginning net position of governmental activities, business-type activities, the water and sewer enterprise fund, the auto parking enterprise fund and the motor pool internal service fund decreased by \$164,476, \$300,356, \$198,976, \$101,380, and \$26,740, respectively.

17. SUBSEQUENT EVENT

On October 24, 2013, the City issued Capital Improvement Bonds, Series 2013 limited tax general obligation bonds in the amount of \$1,127,000. The bonds carry an interest rate of 1.380% and mature on October 1, 2018.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information City of Royal Oak Retirement System

Schedule of Funding Progress
(dollar amounts 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
6/30/2007	\$ 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%
6/30/2011	125,357	188,717	63,360	66.4%	16,805	377.0%
6/30/2012	124,013	190,595	66,582	65.1%	15,847	420.2%

Schedule of Employer Contributions
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 4,161	100%
2009	4,075	100%
2010	4,373	100%
2011	4,563	100%
2012	5,269	100%
2013	6,209	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 11.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information
 City of Royal Oak Retiree Health Fund

Schedule of Funding Progress
(dollar amounts 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
6/30/2006	\$ -	\$ 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%
6/30/2012	7,141	120,307	113,166	5.9%	15,463	731.8%

Schedule of Employer Contributions
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 11,133	74%
2011	14,410	51%
2012	14,035	51%
2013	14,035	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 12.



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2013

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Assets			
Cash and investments	\$ 2,005,944	\$ 996,083	\$ 15,667
Receivables, net of uncollectibles	8,791	2,063	136
Due from other governmental units	458,901	151,298	-
Inventories	155,312	22,773	-
Restricted assets, cash	-	-	-
Total assets	\$ 2,628,948	\$ 1,172,217	\$ 15,803
Liabilities			
Accounts payable	23,542	138	-
Accrued and other liabilities	26,800	23,443	825
Cash bonds and deposits	-	-	-
Unearned revenue	-	-	-
Total liabilities	50,342	23,581	825
Deferred inflows of resources			
Unavailable revenue - property taxes and special assessments	-	-	136
Fund balances			
Nonspendable:			
Inventory	155,312	22,773	-
Endowment	-	-	-
Restricted	2,423,294	1,125,863	14,842
Total fund balances	2,578,606	1,148,636	14,842
Total liabilities, deferred inflows of resources and fund balances	\$ 2,628,948	\$ 1,172,217	\$ 15,803



Special Revenue Funds					
Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
\$ 703,654	\$ 1,000,001	\$ 1,794,635	\$ 487,489	\$ 745,901	\$ 7,749,374
1,276	8,091	-	-	18,262	38,619
-	-	-	-	-	610,199
-	-	-	-	-	178,085
-	-	-	-	-	-
<u>\$ 704,930</u>	<u>\$ 1,008,092</u>	<u>\$ 1,794,635</u>	<u>\$ 487,489</u>	<u>\$ 764,163</u>	<u>\$ 8,576,277</u>
9,652	43,164	6,868	606	11,046	95,016
3,881	40,899	22,988	-	4,006	122,842
-	-	-	-	13,748	13,748
-	-	97,673	-	37,350	135,023
<u>13,533</u>	<u>84,063</u>	<u>127,529</u>	<u>606</u>	<u>66,150</u>	<u>366,629</u>
-	6,682	-	-	-	6,818
-	-	-	-	-	178,085
-	-	-	-	-	-
<u>691,397</u>	<u>917,347</u>	<u>1,667,106</u>	<u>486,883</u>	<u>698,013</u>	<u>8,024,745</u>
<u>691,397</u>	<u>917,347</u>	<u>1,667,106</u>	<u>486,883</u>	<u>698,013</u>	<u>8,202,830</u>
<u>\$ 704,930</u>	<u>\$ 1,008,092</u>	<u>\$ 1,794,635</u>	<u>\$ 487,489</u>	<u>\$ 764,163</u>	<u>\$ 8,576,277</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2013

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
			Capital Projects	Special Assessments
Assets				
Cash and investments	\$ 7,749,374	\$ 102,301	\$ 1,408,017	\$ 13,197
Receivables, net of uncollectibles	38,619	2,163	1,361,487	627,588
Due from other governmental units	610,199	-	-	-
Inventories	178,085	-	-	-
Restricted assets, cash	-	-	-	-
Total assets	\$ 8,576,277	\$ 104,464	\$ 2,769,504	\$ 640,785
Liabilities				
Accounts payable	\$ 95,016	\$ -	\$ 1,095,387	\$ -
Accrued and other liabilities	122,842	-	136,510	-
Cash bonds and deposits	13,748	-	-	-
Unearned revenue	135,023	-	-	-
Total liabilities	366,629	-	1,231,897	-
Deferred inflows of resources				
Unavailable revenue - property taxes and special assessments	6,818	2,163	1,361,487	627,588
Fund balances				
Nonspendable:				
Inventory	178,085	-	-	-
Endowment	-	-	-	-
Restricted	8,024,745	102,301	176,120	13,197
Total fund balances	8,202,830	102,301	176,120	13,197
Total liabilities, deferred inflows of resources and fund balances	\$ 8,576,277	\$ 104,464	\$ 2,769,504	\$ 640,785

Total Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
\$ 1,421,214	\$ 10,346	\$ 9,283,235
1,989,075	1	2,029,858
-	-	610,199
-	-	178,085
-	1,000	1,000
<u>\$ 3,410,289</u>	<u>\$ 11,347</u>	<u>\$ 12,102,377</u>
\$ 1,095,387	\$ -	\$ 1,190,403
136,510	-	259,352
-	-	13,748
-	-	135,023
<u>1,231,897</u>	<u>-</u>	<u>1,598,526</u>
<u>1,989,075</u>	<u>-</u>	<u>1,998,056</u>
-	-	178,085
-	1,000	1,000
<u>189,317</u>	<u>10,347</u>	<u>8,326,710</u>
<u>189,317</u>	<u>11,347</u>	<u>8,505,795</u>
<u>\$ 3,410,289</u>	<u>\$ 11,347</u>	<u>\$ 12,102,377</u>

concluded.

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Revenues			
Taxes	\$ -	\$ -	\$ 46,417
Licenses and permits	181,761	-	-
Federal grants	-	-	-
State grants	2,956,498	913,779	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	12,929	6,416	63
Contributions and donations	15,597	-	-
Other revenue	24,800	2,837	-
Total revenues	3,191,585	923,032	46,480
Expenditures			
Current:			
General government	-	-	70,431
Public safety	-	-	-
Public works	1,458,187	1,430,159	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Debt service:			
Principal payments	-	-	-
Interest and paying agent fees	-	-	-
Total expenditures	1,458,187	1,430,159	70,431
Revenue over (under) expenditures	1,733,398	(507,127)	(23,951)
Other financing sources (uses)			
Issuance of long-term debt	-	-	-
Premium on issuance of long-term debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	3,952	403,416	20,000
Transfers out	(1,965,452)	(199,275)	-
Total other financing sources (uses)	(1,961,500)	204,141	20,000
Net change in fund balances	(228,102)	(302,986)	(3,951)
Fund balances, beginning of year	2,806,708	1,451,622	18,793
Fund balances, end of year	\$ 2,578,606	\$ 1,148,636	\$ 14,842

Special Revenue Funds					
Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 1,985,723	\$ -	\$ -	\$ -	\$ 2,032,140
-	-	2,066,272	-	64,051	2,312,084
-	-	-	-	223,989	223,989
111,232	104,150	-	-	24,275	4,109,934
249,493	76,311	-	-	34,222	360,026
-	3,630	-	-	63,559	67,189
2,543	5,944	2,516	1,210	1,791	33,412
50,430	4,395	-	223,706	35,708	329,836
-	1,619	41,327	-	196	70,779
<u>413,698</u>	<u>2,181,772</u>	<u>2,110,115</u>	<u>224,916</u>	<u>447,791</u>	<u>9,539,389</u>
-	-	-	-	-	70,431
-	-	955,061	446	645,695	1,601,202
-	-	-	-	-	2,888,346
-	-	-	-	32,822	32,822
580,705	1,940,347	-	9,085	-	2,530,137
-	190,000	-	-	-	190,000
-	102,853	-	-	-	102,853
<u>580,705</u>	<u>2,233,200</u>	<u>955,061</u>	<u>9,531</u>	<u>678,517</u>	<u>7,415,791</u>
<u>(167,007)</u>	<u>(51,428)</u>	<u>1,155,054</u>	<u>215,385</u>	<u>(230,726)</u>	<u>2,123,598</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
250,000	84,000	-	-	71,003	832,371
(4,000)	-	(436,000)	(111,253)	-	(2,715,980)
<u>246,000</u>	<u>84,000</u>	<u>(436,000)</u>	<u>(111,253)</u>	<u>71,003</u>	<u>(1,883,609)</u>
78,993	32,572	719,054	104,132	(159,723)	239,989
<u>612,404</u>	<u>884,775</u>	<u>948,052</u>	<u>382,751</u>	<u>857,736</u>	<u>7,962,841</u>
<u>\$ 691,397</u>	<u>\$ 917,347</u>	<u>\$ 1,667,106</u>	<u>\$ 486,883</u>	<u>\$ 698,013</u>	<u>\$ 8,202,830</u>

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CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
			Capital Projects	Special Assessments
Revenues				
Taxes	\$ 2,032,140	\$ 695,669	\$ -	\$ -
Licenses and permits	2,312,084	-	-	-
Federal grants	223,989	-	-	-
State grants	4,109,934	-	-	-
Charges for services	360,026	-	637,265	-
Fines and forfeitures	67,189	-	-	-
Interest and rentals	33,412	82	994	82,104
Contributions and donations	329,836	512,696	55,093	66,033
Other revenue	70,779	-	311	-
Total revenues	9,539,389	1,208,447	693,663	148,137
Expenditures				
Current:				
General government	70,431	-	-	-
Public safety	1,601,202	-	-	-
Public works	2,888,346	-	3,391,897	-
Community and economic development	32,822	-	-	-
Recreation and culture	2,530,137	-	-	-
Debt service:				
Principal payments	190,000	830,000	-	-
Interest and paying agent fees	102,853	417,744	-	-
Total expenditures	7,415,791	1,247,744	3,391,897	-
Revenue over (under) expenditures	2,123,598	(39,297)	(2,698,234)	148,137
Other financing sources (uses)				
Issuance of long-term debt	-	-	4,965,000	-
Premium on issuance of long-term debt	-	-	292,966	-
Payment to refunded bond escrow agent	-	-	(5,060,000)	-
Transfers in	832,371	103,701	2,571,120	-
Transfers out	(2,715,980)	-	-	(148,138)
Total other financing sources (uses)	(1,883,609)	103,701	2,769,086	(148,138)
Net change in fund balances	239,989	64,404	70,852	(1)
Fund balances, beginning of year	7,962,841	37,897	105,268	13,198
Fund balances, end of year	\$ 8,202,830	\$ 102,301	\$ 176,120	\$ 13,197

Total Nonmajor Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,727,809
-	-	2,312,084
-	-	223,989
-	-	4,109,934
637,265	-	997,291
-	-	67,189
83,098	313	116,905
121,126	-	963,658
311	-	71,090
<u>841,800</u>	<u>313</u>	<u>11,589,949</u>
-	-	70,431
-	-	1,601,202
3,391,897	-	6,280,243
-	-	32,822
-	-	2,530,137
-	-	1,020,000
-	-	520,597
<u>3,391,897</u>	<u>-</u>	<u>12,055,432</u>
<u>(2,550,097)</u>	<u>313</u>	<u>(465,483)</u>
4,965,000	-	4,965,000
292,966	-	292,966
(5,060,000)	-	(5,060,000)
2,571,120	-	3,507,192
(148,138)	-	(2,864,118)
<u>2,620,948</u>	<u>-</u>	<u>841,040</u>
70,851	313	375,557
<u>118,466</u>	<u>11,034</u>	<u>8,130,238</u>
<u>\$ 189,317</u>	<u>\$ 11,347</u>	<u>\$ 8,505,795</u>

concluded.

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 168,000	\$ 168,000	\$ 181,761	\$ 13,761
State grants	2,675,000	2,823,000	2,956,498	133,498
Interest and rentals	7,000	7,000	12,929	5,929
Contributions and donations	15,600	15,600	15,597	(3)
Other revenue	6,000	6,000	24,800	18,800
Total revenues	2,871,600	3,019,600	3,191,585	171,985
Expenditures				
Current -				
Public works	1,816,820	1,908,720	1,458,187	(450,533)
Revenue over expenditures	1,054,780	1,110,880	1,733,398	622,518
Other financing sources (uses)				
Transfers in	6,500	-	3,952	3,952
Transfers out	(2,691,760)	(2,691,760)	(1,965,452)	(726,308)
Total other financing sources (uses)	(2,685,260)	(2,691,760)	(1,961,500)	730,260
Net change in fund balance	(1,630,480)	(1,580,880)	(228,102)	1,352,778
Fund balance, beginning of year	2,806,708	2,806,708	2,806,708	-
Fund balance, end of year	\$ 1,176,228	\$ 1,225,828	\$ 2,578,606	\$ 1,352,778

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 870,000	\$ 870,000	\$ 913,779	\$ 43,779
Interest and rentals	10,000	10,000	6,416	(3,584)
Other revenue	2,000	2,000	2,837	837
Total revenues	882,000	882,000	923,032	41,032
Expenditures				
Current -				
Public works	1,491,680	1,467,180	1,430,159	(37,021)
Revenue over (under) expenditures	(609,680)	(585,180)	(507,127)	78,053
Other financing sources (uses)				
Transfers in	365,000	365,000	403,416	38,416
Transfers out	(379,000)	(379,000)	(199,275)	(179,725)
Total other financing sources (uses)	(14,000)	(14,000)	204,141	218,141
Net change in fund balance	(623,680)	(599,180)	(302,986)	296,194
Fund balance, beginning of year	1,451,622	1,451,622	1,451,622	-
Fund balance, end of year	\$ 827,942	\$ 852,442	\$ 1,148,636	\$ 296,194

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 49,500	\$ 49,500	\$ 46,417	\$ (3,083)
Interest and rentals	-	-	63	63
Total revenues	49,500	49,500	46,480	(3,020)
Expenditures				
Current -				
General government	71,710	75,410	70,431	(4,979)
Revenue over (under) expenditures	(22,210)	(25,910)	(23,951)	1,959
Other financing sources				
Transfers in	20,000	20,000	20,000	-
Net change in fund balance	(2,210)	(5,910)	(3,951)	1,959
Fund balance, beginning of year	18,793	18,793	18,793	-
Fund balance, end of year	\$ 16,583	\$ 12,883	\$ 14,842	\$ 1,959

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 127,220	\$ 127,220	\$ 111,232	\$ (15,988)
Charges for services	220,800	220,800	249,493	28,693
Interest and rentals	2,000	2,000	2,543	543
Contributions and donations	47,430	47,430	50,430	3,000
Total revenues	397,450	397,450	413,698	16,248
Expenditures				
Current -				
Recreation and culture	566,280	615,780	580,705	(35,075)
Revenue over (under) expenditures	(168,830)	(218,330)	(167,007)	51,323
Other financing uses				
Transfers in	-	250,000	250,000	-
Transfers out	(4,000)	(4,000)	(4,000)	-
Total other financing sources (uses)	(4,000)	246,000	246,000	-
Net change in fund balance	(172,830)	27,670	78,993	51,323
Fund balance, beginning of year	612,404	612,404	612,404	-
Fund balance, end of year	\$ 439,574	\$ 640,074	\$ 691,397	\$ 51,323

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,970,000	\$ 1,970,000	\$ 1,985,723	\$ 15,723
State grants	81,330	81,330	104,150	22,820
Charges for services	111,600	111,600	76,311	(35,289)
Fines and forfeitures	4,000	4,000	3,630	(370)
Interest and rentals	4,000	4,000	5,944	1,944
Contributions and donations	3,000	3,000	4,395	1,395
Other revenue	5,000	5,000	1,619	(3,381)
Total revenues	2,178,930	2,178,930	2,181,772	2,842
Expenditures				
Current -				
Recreation and culture	2,038,420	2,072,420	1,940,347	(132,073)
Debt service:				
Principal payments	190,000	190,000	190,000	-
Interest and paying agents fees	102,860	102,860	102,853	(7)
Total expenditures	2,331,280	2,365,280	2,233,200	(132,080)
Revenue over (under) expenditures	(152,350)	(186,350)	(51,428)	134,922
Other financing sources				
Transfers in	50,000	84,000	84,000	-
Net change in fund balance	(102,350)	(102,350)	32,572	134,922
Fund balance, beginning of year	884,775	884,775	884,775	-
Fund balance, end of year	\$ 782,425	\$ 782,425	\$ 917,347	\$ 134,922

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 1,073,000	\$ 1,073,000	\$ 2,066,272	\$ 993,272
Charges for services	3,000	3,000	-	(3,000)
Interest and rentals	-	-	2,516	2,516
Other revenue	25,000	25,000	41,327	16,327
Total revenues	1,101,000	1,101,000	2,110,115	1,009,115
Expenditures				
Current -				
Public safety	1,082,220	1,082,220	955,061	(127,159)
Revenue over expenditures	18,780	18,780	1,155,054	1,136,274
Other financing uses				
Transfers out	(451,000)	(451,000)	(436,000)	(15,000)
Net change in fund balance	(432,220)	(432,220)	719,054	1,151,274
Fund balance, beginning of year	948,052	948,052	948,052	-
Fund balance, end of year	\$ 515,832	\$ 515,832	\$ 1,667,106	\$ 1,151,274

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ -	\$ -	\$ 1,210	\$ 1,210
Contributions and donations	90,800	185,300	223,706	38,406
Total revenues	90,800	185,300	224,916	39,616
Expenditures				
Current:				
Public safety	2,300	2,300	446	(1,854)
Recreation and culture	7,300	14,800	9,085	(5,715)
Total expenditures	9,600	17,100	9,531	(7,569)
Revenue over expenditures	81,200	168,200	215,385	47,185
Other financing uses				
Transfers out	(76,350)	(201,350)	(111,253)	(90,097)
Net change in fund balance	4,850	(33,150)	104,132	137,282
Fund balance, beginning of year	382,751	382,751	382,751	-
Fund balance, end of year	\$ 387,601	\$ 349,601	\$ 486,883	\$ 137,282

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 40,500	\$ 40,500	\$ 64,051	\$ 23,551
Federal grants	181,000	404,610	223,989	(180,621)
State grants	29,000	29,000	24,275	(4,725)
Charges for services	20,000	20,000	34,222	14,222
Fines and forfeitures	40,000	40,000	63,559	23,559
Interest and rentals	440	8,230	1,791	(6,439)
Contributions and donations	41,500	41,500	35,708	(5,792)
Other revenue	-	-	196	196
Total revenues	352,440	583,840	447,791	(136,049)
Expenditures				
Current:				
Public safety	335,170	750,300	645,695	(104,605)
Community and economic development	52,500	52,500	32,822	(19,678)
Total expenditures	387,670	802,800	678,517	(124,283)
Revenue over (under) expenditures	(35,230)	(218,960)	(230,726)	(11,766)
Other financing sources				
Transfers in	18,000	73,910	71,003	(2,907)
Net change in fund balance	(17,230)	(145,050)	(159,723)	(14,673)
Fund balance, beginning of year	857,736	857,736	857,736	-
Fund balance, end of year	\$ 840,506	\$ 712,686	\$ 698,013	\$ (14,673)

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2013

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 49,600	\$ 138,846	\$ 240,281	\$ 452,959	\$ 881,686
Receivables, net of uncollectibles	400	96,742	1,083	10,467	108,692
Total current assets	50,000	235,588	241,364	463,426	990,378
Noncurrent assets:					
Capital assets	-	4,471,882	5,210,198	2,506,235	12,188,315
Accumulated depreciation	-	(968,582)	(2,885,941)	(867,547)	(4,722,070)
Total noncurrent assets	-	3,503,300	2,324,257	1,638,688	7,466,245
Total assets	50,000	3,738,888	2,565,621	2,102,114	8,456,623
Liabilities					
Current liabilities:					
Accounts payable	-	8,566	86,385	14,133	109,084
Accrued and other liabilities	-	9,294	1,126	705	11,125
Unearned revenue	-	-	-	29,241	29,241
Compensated absences, current	-	9,660	3,782	364	13,806
Total current liabilities	-	27,520	91,293	44,443	163,256
Noncurrent liabilities:					
Accrued compensated absences	-	9,643	3,776	363	13,782
Other postemployment benefits obligation	-	115,559	34,712	6,971	157,242
Total noncurrent liabilities	-	125,202	38,488	7,334	171,024
Total liabilities	-	152,722	129,781	51,777	334,280
Net position					
Net investment in capital assets	-	3,503,300	2,324,257	1,638,688	7,466,245
Unrestricted	50,000	82,866	111,583	411,649	656,098
Total net position	\$ 50,000	\$ 3,586,166	\$ 2,435,840	\$ 2,050,337	\$ 8,122,343

CITY OF ROYAL OAK, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended June 30, 2013

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	\$ 443,605	\$ 646,324	\$ 1,236,091	\$ 393,081	\$ 2,719,101
Other	19,396	-	-	4,367	23,763
Total operating revenues	463,001	646,324	1,236,091	397,448	2,742,864
Operating expenses					
Salaries and benefits	83,347	315,516	20,977	16,505	436,345
Supplies	-	17,142	73,839	12,635	103,616
Other services and charges	262,306	260,119	999,164	286,101	1,807,690
Depreciation	-	87,932	143,022	69,180	300,134
Total operating expenses	345,653	680,709	1,237,002	384,421	2,647,785
Operating income (loss)	117,348	(34,385)	(911)	13,027	95,079
Nonoperating revenues					
Federal grants	-	-	-	7,852	7,852
Interest income	270	62	85	1,736	2,153
Contributions and donations	-	376	-	-	376
Total nonoperating revenues	270	438	85	9,588	10,381
Income (loss) before transfers	117,618	(33,947)	(826)	22,615	105,460
Transfers					
Transfers in	-	-	195,000	-	195,000
Transfers out	(67,837)	-	(32,251)	-	(100,088)
Net transfers	(67,837)	-	162,749	-	94,912
Change in net position	49,781	(33,947)	161,923	22,615	200,372
Net position, beginning of year	219	3,620,113	2,273,917	2,027,722	7,921,971
Net position, end of year	\$ 50,000	\$ 3,586,166	\$ 2,435,840	\$ 2,050,337	\$ 8,122,343



CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2013

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers	\$ 443,205	\$ 609,333	\$ 1,235,054	\$ 412,344	\$ 2,699,936
Other operating receipts	19,396	-	-	4,367	23,763
Payments to vendors	(262,306)	(264,212)	(1,003,874)	(299,414)	(1,829,806)
Payments to employees	(83,347)	(312,143)	(19,636)	(16,455)	(431,581)
Internal activity - payments to other funds	-	-	(134,097)	-	(134,097)
Net cash provided by operating activities	116,948	32,978	77,447	100,842	328,215
Cash flows from noncapital financing activities					
Federal operating grants	-	-	-	7,852	7,852
Contributions and donations	-	376	-	-	376
Transfers from other funds	-	-	195,000	-	195,000
Transfers to other funds	(67,837)	-	(32,251)	-	(100,088)
Net cash provided by (used in) noncapital financing activities	(67,837)	376	162,749	7,852	103,140
Cash flows from investing activities					
Interest received on investments	270	62	85	1,736	2,153
Net change in cash and investments	49,381	33,416	240,281	110,430	433,508
Cash and investments balances, beginning of year	219	105,430	-	342,529	448,178
Cash and investments balances, end of year	<u>\$ 49,600</u>	<u>\$ 138,846</u>	<u>\$ 240,281</u>	<u>\$ 452,959</u>	<u>\$ 881,686</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 117,348	\$ (34,385)	\$ (911)	\$ 13,027	\$ 95,079
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	87,932	143,022	69,180	300,134
Changes in assets and liabilities:					
Receivables, net	(400)	(36,991)	(1,037)	(9,978)	(48,406)
Accounts payable	-	(18,154)	66,427	(2,784)	45,489
Accrued and other liabilities	-	1,637	240	50	1,927
Due to other funds	-	-	(134,097)	-	(134,097)
Unearned revenue	-	-	-	29,241	29,241
Accrued compensated absences	-	1,736	1,101	-	2,837
Other postemployment benefits obligation	-	31,203	2,702	2,106	36,011
Net cash provided by operating activities	\$ 116,948	\$ 32,978	\$ 77,447	\$ 100,842	\$ 328,215

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2013

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Assets						
Current assets:						
Cash and investments	\$ 1,564,238	\$ 7,536,765	\$ 2,264,449	\$ 4,766,710	\$ 1,529,142	\$ 17,661,304
Receivables, net of uncollectibles	-	-	-	80	-	80
Prepaid items	-	-	-	917,846	-	917,846
Inventories	-	236,756	-	-	-	236,756
Total current assets	<u>1,564,238</u>	<u>7,773,521</u>	<u>2,264,449</u>	<u>5,684,636</u>	<u>1,529,142</u>	<u>18,815,986</u>
Noncurrent assets:						
Capital assets	1,846,259	15,892,084	-	-	-	17,738,343
Accumulated depreciation	(1,435,633)	(11,195,661)	-	-	-	(12,631,294)
Total noncurrent assets	<u>410,626</u>	<u>4,696,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,107,049</u>
Total assets	<u>1,974,864</u>	<u>12,469,944</u>	<u>2,264,449</u>	<u>5,684,636</u>	<u>1,529,142</u>	<u>23,923,035</u>
Liabilities						
Current liabilities:						
Accounts payable	3,804	64,306	11,673	-	-	79,783
Accrued and other liabilities	23,285	49,680	-	539,071	-	612,036
Bonds payable, due within one year	-	380,000	-	-	-	380,000
Other long-term liabilities, current	-	-	244,153	-	275,635	519,788
Compensated absences, current	37,044	35,280	-	-	-	72,324
Total current liabilities	<u>64,133</u>	<u>529,266</u>	<u>255,826</u>	<u>539,071</u>	<u>275,635</u>	<u>1,663,931</u>
Noncurrent liabilities:						
Bonds payable	-	1,985,476	-	-	-	1,985,476
Other long-term liabilities	-	-	244,153	-	275,635	519,788
Accrued compensated absences	36,153	36,953	-	-	-	73,106
Other postemployment benefits obligation	342,187	515,202	-	-	-	857,389
Total noncurrent liabilities	<u>378,340</u>	<u>2,537,631</u>	<u>244,153</u>	<u>-</u>	<u>275,635</u>	<u>3,435,759</u>
Total liabilities	<u>442,473</u>	<u>3,066,897</u>	<u>499,979</u>	<u>539,071</u>	<u>551,270</u>	<u>5,099,690</u>
Net position						
Net investment in capital assets	410,626	2,330,947	-	-	-	2,741,573
Unrestricted	1,121,765	7,072,100	1,764,470	5,145,565	977,872	16,081,772
Total net position	<u>\$ 1,532,391</u>	<u>\$ 9,403,047</u>	<u>\$ 1,764,470</u>	<u>\$ 5,145,565</u>	<u>\$ 977,872</u>	<u>\$ 18,823,345</u>

CITY OF ROYAL OAK, MICHIGAN

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

Internal Service Funds

For the Year Ended June 30, 2013

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Operating revenues						
Charges for services	\$ 797,780	\$ 3,840,184	\$ 856,594	\$ 9,599,090	\$ 1,678,177	\$ 16,771,825
Other revenue	2,078	17,651	10,576	4,688	1,259	36,252
Total operating revenues	799,858	3,857,835	867,170	9,603,778	1,679,436	16,808,077
Operating expenses						
Salaries and benefits	680,086	1,075,121	325,113	7,157,036	-	9,237,356
Supplies	44,299	821,132	-	-	-	865,431
Other services and charges	289,546	356,751	143,608	-	1,031,260	1,821,165
Depreciation	70,022	752,872	-	-	-	822,894
Total operating expenses	1,083,953	3,005,876	468,721	7,157,036	1,031,260	12,746,846
Operating income (loss)	(284,095)	851,959	398,449	2,446,742	648,176	4,061,231
Nonoperating revenues (expenses)						
Interest expense	-	(109,440)	-	-	-	(109,440)
Gain on sale of capital assets	212	-	-	-	-	212
Total nonoperating revenue (expenses)	212	(109,440)	-	-	-	(109,228)
Income (loss) before transfers	(283,883)	742,519	398,449	2,446,742	648,176	3,952,003
Transfers						
Transfers in	460,000	666,500	-	-	-	1,126,500
Transfers out	-	(27,197)	-	-	-	(27,197)
Total transfers	460,000	639,303	-	-	-	1,099,303
Change in net position	176,117	1,381,822	398,449	2,446,742	648,176	5,051,306
Net position,						
beginning of year, as restated	1,356,274	8,021,225	1,366,021	2,698,823	329,696	13,772,039
Net position, end of year	\$ 1,532,391	\$ 9,403,047	\$ 1,764,470	\$ 5,145,565	\$ 977,872	\$ 18,823,345

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2013

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	\$ 797,780	\$ 3,840,184	\$ 856,594	\$ 9,599,090	\$ 1,678,177	\$ 16,771,825
Other operating receipts	2,078	17,651	10,576	4,688	1,259	36,252
Payments to vendors	(335,307)	(1,052,244)	(134,098)	(917,926)	(273,547)	(2,713,122)
Payments to employees	(572,390)	(971,557)	(237,435)	(7,067,965)	(653,730)	(9,503,077)
Net cash provided by (used in) operating activities	(107,839)	1,834,034	495,637	1,617,887	752,159	4,591,878
Cash flows from noncapital financing activities						
Transfers from other funds	460,000	666,500	-	-	-	1,126,500
Transfers to other funds	-	(27,197)	-	-	-	(27,197)
Net cash provided by (used in) noncapital financing activities	460,000	639,303	-	-	-	1,099,303
Cash flows from capital and related financing activities						
Purchase of capital assets	(39,083)	(597,643)	-	-	-	(636,726)
Principal paid on capital debt	-	(360,000)	-	-	-	(360,000)
Interest paid on capital debt	-	(108,724)	-	-	-	(108,724)
Proceeds from sale of capital assets	212	-	-	-	-	212
Net cash used in capital and related financing activities	(38,871)	(1,066,367)	-	-	-	(1,105,238)
Net change in cash and investments	313,290	1,406,970	495,637	1,617,887	752,159	4,585,943
Cash and investments balances, beginning of year	1,250,948	6,129,795	1,768,812	3,148,823	776,983	13,075,361
Cash and investments balances, end of year	\$ 1,564,238	\$ 7,536,765	\$ 2,264,449	\$ 4,766,710	\$ 1,529,142	\$ 17,661,304

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2013

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (284,095)	\$ 851,959	\$ 398,449	\$ 2,446,742	\$ 648,176	\$ 4,061,231
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	70,022	752,872	-	-	-	822,894
Changes in assets and liabilities:						
Receivables, net	-	113,637	-	(80)	757,713	871,270
Prepaid items	-	-	-	(917,846)	-	(917,846)
Inventories	-	(28,566)	-	-	-	(28,566)
Accounts payable	(1,462)	40,568	9,510	-	-	48,616
Accrued and other liabilities	9,158	746	-	89,071	-	98,975
Other long-term liabilities	-	-	87,678	-	(653,730)	(566,052)
Accrued compensated absences	7,726	3,863	-	-	-	11,589
Other postemployment benefits obligation	90,812	98,955	-	-	-	189,767
Net cash provided by (used in) operating activities	<u>\$ (107,839)</u>	<u>\$ 1,834,034</u>	<u>\$ 495,637</u>	<u>\$ 1,617,887</u>	<u>\$ 752,159</u>	<u>\$ 4,591,878</u>

concluded.



CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2013

	Agency	Tax Collection Fund	44th District Court	Total
Assets				
Cash and investments	\$ 83,132	\$ 15,197	\$ 174,103	\$ 272,432
Liabilities				
Accounts payable	\$ -	\$ 11,743	\$ 69,348	\$ 81,091
Due to other governmental units	50	-	-	50
Cash bonds and deposits	83,082	3,454	104,755	191,291
Total liabilities	\$ 83,132	\$ 15,197	\$ 174,103	\$ 272,432

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Agency Fund				
Assets				
Cash and investments	\$ 80,208	\$ 125,955	\$ (123,031)	\$ 83,132
Liabilities				
Accounts payable	\$ -	\$ 125,496	\$ (125,496)	\$ -
Due to other governmental units	50	150	(150)	50
Cash bonds and deposits	80,158	128,570	(125,646)	83,082
Total liabilities	\$ 80,208	\$ 254,216	\$ (251,292)	\$ 83,132
Tax Collection Fund				
Assets				
Cash and investments	\$ 4,460	\$ 98,809,258	\$ (98,798,521)	\$ 15,197
Liabilities				
Accounts payable	\$ -	\$ 1,174,914	\$ (1,163,171)	\$ 11,743
Cash bonds and deposits	4,460	132,605,458	(132,606,464)	3,454
Total liabilities	\$ 4,460	\$ 133,780,372	\$ (133,769,635)	\$ 15,197
44th District Court				
Assets				
Cash and investments	\$ 157,297	\$ 892,841	\$ (876,035)	\$ 174,103
Liabilities				
Accounts payable	\$ 66,934	\$ 864,032	\$ (861,618)	\$ 69,348
Due to other governmental units	-	865,593	(865,593)	-
Cash bonds and deposits	90,363	14,392	-	104,755
Total liabilities	\$ 157,297	\$ 1,744,017	\$ (1,727,211)	\$ 174,103

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 241,965	\$ 99,828,054	\$ (99,797,587)	\$ 272,432
Liabilities				
Accounts payable	\$ 66,934	\$ 2,164,442	\$ (2,150,285)	\$ 81,091
Due to other governmental units	4,510	133,471,201	(133,472,207)	50
Cash bonds and deposits	170,521	142,962	(125,646)	191,291
Total liabilities	\$ 241,965	\$ 135,778,605	\$ (135,748,138)	\$ 272,432

concluded.

CITY OF ROYAL OAK, MICHIGAN

Balance Sheets

Component Units

June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Assets				
Cash and investments	\$ 1,122,252	\$ 81,711	\$ 102,175	\$ 1,306,138
Receivables, net of uncollectibles	37,422	2,460	-	39,882
Total assets	\$ 1,159,674	\$ 84,171	\$ 102,175	\$ 1,346,020
Liabilities				
Accounts payable	\$ 20,502	\$ 70	\$ -	\$ 20,572
Accrued and other liabilities	1,917	548	-	2,465
Total liabilities	22,419	618	-	23,037
Deferred inflows of resources				
Unavailable revenue - property taxes	36,439	2,460	-	38,899
Fund balances				
Unassigned	1,100,816	81,093	102,175	1,284,084
Total liabilities, deferred inflows of resources and fund balances	\$ 1,159,674	\$ 84,171	\$ 102,175	\$ 1,346,020

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
Component Units
June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Fund balances for component units	\$ 1,100,816	\$ 81,093	\$ 102,175	\$ 1,284,084
Amounts reported for <i>component units</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.				
Capital assets, net of accumulated depreciation	4,139,658	-	-	4,139,658
The focus of governmental funds is on short-term available financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in the fund balance.				
Unavailable property taxes receivable	36,439	2,460	-	38,899
Certain liabilities, such as bonds payable, are not due, and payable in the current period, and therefore are not reported in the funds.				
Compensated absences	(8,668)	(4,366)	-	(13,034)
Other postemployment benefit obligation	(89,449)	(15,982)	-	(105,431)
Net position for component units	<u>\$ 5,178,796</u>	<u>\$ 63,205</u>	<u>\$ 102,175</u>	<u>\$ 5,344,176</u>

CITY OF ROYAL OAK, MICHIGAN

Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units

For the Year Ended June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Revenues				
Taxes	\$ 2,775,741	\$ 52,098	\$ 11,560	\$ 2,839,399
Interest and rentals	3,025	138	245	3,408
Contributions and donations	133,693	-	-	133,693
Other revenues	1,983	-	-	1,983
Total revenues	2,914,442	52,236	11,805	2,978,483
Expenditures				
Current:				
Community and economic development	2,483,684	23,913	-	2,507,597
Change in fund balances	430,758	28,323	11,805	470,886
Fund balances, beginning of year	670,058	52,770	90,370	813,198
Fund balances, end of year	\$ 1,100,816	\$ 81,093	\$ 102,175	\$ 1,284,084

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Component Units
For the Year Ended June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Net change in fund balances - component units	\$ 430,758	\$ 28,323	\$ 11,805	\$ 470,886
Amounts reported for <i>component units</i> 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 cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Depreciation expense	(112,766)	-	-	(112,766)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.				
	2,105	(204)	-	1,901
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Change in compensated absences	2,328	(1,074)	-	1,254
Change in other postemployment benefit obligation	(18,443)	(3,614)	-	(22,057)
Change in net position of component units	<u>\$ 303,982</u>	<u>\$ 23,431</u>	<u>\$ 11,805</u>	<u>\$ 339,218</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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 2,320,000	\$ 2,740,000	\$ 2,775,741	\$ 35,741
Interest and rentals	6,000	2,500	3,025	525
Contributions and donations	115,000	122,000	133,693	11,693
Other revenue	-	-	1,983	1,983
Total revenues	2,441,000	2,864,500	2,914,442	49,942
Expenditures				
Community and economic development	2,679,430	3,027,854	2,483,684	(544,170)
Net change in fund balance	(238,430)	(163,354)	430,758	594,112
Fund balance, beginning of year	670,058	670,058	670,058	-
Fund balance, end of year	\$ 431,628	\$ 506,704	\$ 1,100,816	\$ 594,112

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 49,500	\$ 49,500	\$ 52,098	\$ 2,598
Interest and rentals	-	-	138	138
Total revenues	49,500	49,500	52,236	2,736
Expenditures				
Community and economic development	26,650	26,650	23,913	(2,737)
Net change in fund balance	22,850	22,850	28,323	5,473
Fund balance, beginning of year	52,770	52,770	52,770	-
Fund balance, end of year	\$ 75,620	\$ 75,620	\$ 81,093	\$ 5,473

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 38,900	\$ 11,780	\$ 11,560	\$ (220)
Interest and rentals	-	-	245	245
Total revenues	38,900	11,780	11,805	25
Expenditures				
Community and economic development	38,900	11,780	-	(11,780)
Net change in fund balance	-	-	11,805	11,805
Fund balance, beginning of year	90,370	90,370	90,370	-
Fund balance, end of year	\$ 90,370	\$ 90,370	\$ 102,175	\$ 11,805

STATISTICAL SECTION



CITY OF ROYAL OAK, MICHIGAN

Statistical Section Table of Contents

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

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	126
Revenue Capacity	These schedules contain trend information to help the reader assess the factors affecting the City’s ability to generate its property taxes.	136
Debt Capacity	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.	142
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	152
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	155

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

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 108,113,604	\$ 109,014,440	\$ 116,963,284	\$ 118,453,656
Restricted	16,080,945	20,087,516	19,737,682	22,836,277
Unrestricted	920,013	3,704,314	2,737,267	2,958,906
Total governmental activities net position	<u>125,114,562</u>	<u>132,806,270</u>	<u>139,438,233</u>	<u>144,248,839</u>
Business-type activities:				
Net investment in capital assets	40,189,816	42,629,281	49,403,430	58,089,326
Restricted	2,496,788	2,574,741	2,764,237	2,653
Unrestricted	16,092,490	13,424,771	10,863,254	8,330,833
Total business-type activities net position	<u>58,779,094</u>	<u>58,628,793</u>	<u>63,030,921</u>	<u>66,422,812</u>
Primary government:				
Net investment in capital assets	148,303,420	151,643,721	166,366,714	176,542,982
Restricted	18,577,733	22,662,257	22,501,919	22,838,930
Unrestricted	17,012,503	17,129,085	13,600,521	11,289,739
Total primary government net position	<u>\$ 183,893,656</u>	<u>\$ 191,435,063</u>	<u>\$ 202,469,154</u>	<u>\$ 210,671,651</u>

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 118,921,341	\$ 119,486,155	\$ 121,736,526	\$ 120,155,093	\$ 122,759,313	\$ 124,348,655
24,253,884	14,365,234	15,097,992	15,782,199	15,573,852	21,020,880
4,242,843	14,347,188	9,385,034	3,434,111	(741,153)	(904,202)
<u>147,418,068</u>	<u>148,198,577</u>	<u>146,219,552</u>	<u>139,371,403</u>	<u>137,592,012</u>	<u>144,465,333</u>
61,366,065	61,051,630	64,238,153	67,776,260	68,690,716	71,310,977
2,653	2,653	-	-	-	-
10,061,309	15,584,666	12,260,677	13,490,313	16,926,698	18,986,638
<u>71,430,027</u>	<u>76,638,949</u>	<u>76,498,830</u>	<u>81,266,573</u>	<u>85,617,414</u>	<u>90,297,615</u>
180,287,406	180,537,785	185,974,679	187,931,353	191,450,029	195,659,632
24,256,537	14,367,887	15,097,992	15,782,199	15,573,852	21,020,880
14,304,152	29,931,854	21,645,711	16,924,424	16,185,545	18,082,436
<u>\$ 218,848,095</u>	<u>\$ 224,837,526</u>	<u>\$ 222,718,382</u>	<u>\$ 220,637,976</u>	<u>\$ 223,209,426</u>	<u>\$ 234,762,948</u>

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 10,723,060	\$ 9,509,493	\$ 11,837,178	\$ 11,820,682
Public safety	16,542,881	17,608,033	19,853,374	20,540,025
Public works	7,801,142	11,505,812	11,130,782	11,677,027
Health and welfare	457,109	489,725	488,655	469,999
Community and economic development	1,579,285	1,356,084	1,779,318	1,532,163
Recreation and culture	2,977,851	3,216,412	3,237,185	3,581,434
Interest and paying agent fees	728,469	708,760	733,419	793,776
Total governmental activities expenses	<u>40,809,797</u>	<u>44,394,319</u>	<u>49,059,911</u>	<u>50,415,106</u>
Business-type activities:				
Water & sewer	14,577,922	14,771,560	15,649,024	16,358,489
Parking	2,019,263	1,966,791	2,143,135	2,136,181
Recreation	2,716,899	2,537,582	1,973,325	1,886,696
Farmers market	194,120	213,301	259,037	266,310
Total business-type activities expenses	<u>19,508,204</u>	<u>19,489,234</u>	<u>20,024,521</u>	<u>20,647,676</u>
Total primary government expenses	<u>60,318,001</u>	<u>63,883,553</u>	<u>69,084,432</u>	<u>71,062,782</u>
Program Revenues				
Governmental activities:				
General government	3,133,449	3,486,523	4,265,247	3,859,945
Public safety	1,985,138	2,894,001	2,869,512	2,490,350
Public works	1,587,523	1,303,489	1,775,743	665,860
Health and welfare	804,043	830,715	874,274	893,850
Community and economic development	568,002	357,520	412,601	396,838
Recreation and culture	1,182,389	1,293,974	1,291,357	1,301,829
Interest and paying agent fees	663,647	751,606	854,553	777,899
Charges for services	9,924,191	10,917,828	12,343,287	10,386,571
Operating grants and contributions	2,899,089	2,605,739	2,842,985	3,146,627
Capital grants and contributions	682,829	173,218	1,972,423	1,079,263
Total governmental activities program revenues	<u>13,506,109</u>	<u>13,696,785</u>	<u>17,158,695</u>	<u>14,612,461</u>
Business-type activities:				
Charges for services				
Water & sewer	15,179,686	16,728,932	19,083,625	19,659,036
Parking	1,948,505	2,028,753	2,075,657	2,215,151
Recreation	2,621,140	2,200,673	1,922,617	1,909,576
Farmers market	319,241	272,295	276,736	275,334
Operating grants and contributions	695,144	817,252	775,879	602,074
Capital grants and contributions	29,802	20,490	911,845	41,939
Total business-type activities program revenues	<u>20,793,518</u>	<u>22,068,395</u>	<u>25,046,359</u>	<u>24,703,110</u>
Total primary government program revenues	<u>34,299,627</u>	<u>35,765,180</u>	<u>42,205,054</u>	<u>39,315,571</u>
Net (Expense)/Revenue				
Governmental activities	(27,303,688)	(30,697,534)	(31,901,216)	(35,802,645)
Business-type activities	1,285,314	2,579,161	5,021,838	4,055,434
Total primary government net expense	<u>(26,018,374)</u>	<u>(28,118,373)</u>	<u>(26,879,378)</u>	<u>(31,747,211)</u>

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 9,081,988	\$ 9,178,697	\$ 10,658,475	\$ 8,904,081	\$ 9,235,905	\$ 8,685,580
24,228,222	25,340,432	27,808,076	27,846,183	26,655,378	27,661,032
11,647,910	12,008,559	11,323,281	11,568,038	11,501,518	11,471,347
602,645	720,452	1,045,227	1,578,078	1,228,451	1,206,154
2,301,776	1,382,073	1,855,557	1,829,671	1,914,032	1,384,747
4,212,541	4,101,371	3,988,900	4,012,061	3,497,548	3,465,650
784,438	720,676	697,975	674,965	616,539	536,155
<u>52,859,520</u>	<u>53,452,260</u>	<u>57,377,491</u>	<u>56,413,077</u>	<u>54,649,371</u>	<u>54,410,665</u>
16,457,830	17,426,976	19,727,621	22,677,293	22,473,658	22,905,058
2,325,819	2,665,056	3,105,564	3,176,310	3,081,880	3,117,172
1,960,279	1,866,341	1,788,792	1,676,691	2,159,028	2,229,831
327,228	344,946	350,918	365,470	380,262	383,635
<u>21,071,156</u>	<u>22,303,319</u>	<u>24,972,895</u>	<u>27,895,764</u>	<u>28,094,828</u>	<u>28,635,696</u>
<u>73,930,676</u>	<u>75,755,579</u>	<u>82,350,386</u>	<u>84,308,841</u>	<u>82,744,199</u>	<u>83,046,361</u>
4,786,182	5,032,372	4,985,949	4,450,270	5,045,872	5,607,879
2,302,388	1,981,677	2,376,002	2,492,540	2,753,964	3,534,643
550,375	496,673	458,669	519,279	490,576	1,176,769
865,648	959,100	934,114	959,793	955,698	1,054,639
383,077	249,152	226,376	281,061	381,889	427,787
1,494,866	1,644,549	1,559,571	2,131,507	2,155,539	1,921,743
-	-	-	-	-	-
<u>10,382,536</u>	<u>10,363,523</u>	<u>10,540,681</u>	<u>10,834,450</u>	<u>11,783,538</u>	<u>13,723,460</u>
3,930,593	3,186,231	3,576,342	3,859,876	4,673,144	4,596,773
1,163,612	873,030	626,971	455,132	277,644	81,630
<u>15,476,741</u>	<u>14,422,784</u>	<u>14,743,994</u>	<u>15,149,458</u>	<u>16,734,326</u>	<u>18,401,863</u>
20,989,462	20,039,667	21,429,384	25,940,143	27,426,573	26,532,412
2,516,001	2,570,487	2,659,002	2,985,064	3,444,725	3,348,553
1,850,882	1,747,139	1,779,515	1,764,707	2,053,167	2,326,020
290,194	295,731	309,329	350,632	372,646	393,081
5,090	6,870	617,778	617,198	501,299	747,570
719,412	2,753,092	70,713	-	-	150,919
<u>26,371,041</u>	<u>27,412,986</u>	<u>26,865,721</u>	<u>31,657,744</u>	<u>33,798,410</u>	<u>33,498,555</u>
<u>41,847,782</u>	<u>41,835,770</u>	<u>41,609,715</u>	<u>46,807,202</u>	<u>50,532,736</u>	<u>51,900,418</u>
(37,382,779)	(39,029,476)	(42,633,497)	(41,263,619)	(37,915,045)	(36,008,802)
5,299,885	5,109,667	1,892,826	3,761,980	5,703,582	4,862,859
<u>(32,082,894)</u>	<u>(33,919,809)</u>	<u>(40,740,671)</u>	<u>(37,501,639)</u>	<u>(32,211,463)</u>	<u>(31,145,943)</u>

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 23,137,213	\$ 24,296,152	\$ 25,266,467	\$ 26,898,481
State-shared revenues	9,877,965	9,675,450	9,562,574	9,350,955
Unrestricted investment earnings	343,078	553,041	1,471,827	1,938,968
Gain on sale of capital assets	13,118	38,195	32,618	30,958
Reimbursements	400,749	482,231	20,431	806,267
Miscellaneous	499,698	338,787	872,555	299,913
Transfers	1,648,495	2,044,358	1,306,707	1,287,709
Total governmental activities	35,920,316	37,428,214	38,533,179	40,613,251
Business-type activities:				
Unrestricted investment earnings	142,708	237,707	366,520	602,023
Gain on sale of capital assets	1,600	-	308,829	-
Miscellaneous	18,480	38,217	11,648	22,143
Transfers	(1,648,495)	(2,044,358)	(1,306,707)	(1,287,709)
Total business-type activities	(1,485,707)	(1,768,434)	(619,710)	(663,543)
Total primary government	34,434,609	35,659,780	37,913,469	39,949,708
Change in Net Position				
Governmental activities	8,616,628	6,730,680	6,631,963	4,810,606
Business-type activities	(200,393)	810,727	4,402,128	3,391,891
Total primary government	\$ 8,416,235	\$ 7,541,407	\$ 11,034,091	\$ 8,202,497

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 27,578,249	\$ 27,744,049	\$ 28,573,797	\$ 26,152,857	\$ 25,576,233	\$ 34,016,290
9,251,499	8,873,213	8,228,312	8,280,285	8,392,881	8,542,746
2,068,262	998,889	449,343	300,004	254,940	153,669
-	-	-	-	28,303	-
676,770	-	-	-	-	-
287,712	1,562,187	862,817	477,906	478,914	287,116
689,516	631,647	2,540,203	(795,582)	1,568,859	(117,698)
<u>40,552,008</u>	<u>39,809,985</u>	<u>40,654,472</u>	<u>34,415,470</u>	<u>36,300,130</u>	<u>42,882,123</u>
368,647	147,023	228,934	182,910	159,675	-
-	-	-	-	-	-
28,197	583,880	278,324	27,271	56,443	-
(689,516)	(631,647)	(2,540,203)	795,582	(1,568,859)	117,698
<u>(292,672)</u>	<u>99,256</u>	<u>(2,032,945)</u>	<u>1,005,763</u>	<u>(1,352,741)</u>	<u>117,698</u>
<u>40,259,336</u>	<u>39,909,241</u>	<u>38,621,527</u>	<u>35,421,233</u>	<u>34,947,389</u>	<u>42,999,821</u>
3,169,229	780,509	(1,979,025)	(6,848,149)	(1,614,915)	6,873,321
5,007,213	5,208,923	(140,119)	4,767,743	4,350,841	4,980,557
<u>\$ 8,176,442</u>	<u>\$ 5,989,432</u>	<u>\$ (2,119,144)</u>	<u>\$ (2,080,406)</u>	<u>\$ 2,735,926</u>	<u>\$ 11,853,878</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			
	2004	2005	2006	2007
General Fund				
Nonspendable	\$ 109,018	\$ 121,270	\$ 107,957	\$ 106,943
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	4,340,265	6,637,473	6,575,442	6,576,574
Total General Fund	<u>4,449,283</u>	<u>6,758,743</u>	<u>6,683,399</u>	<u>6,683,517</u>
All Other Governmental Funds				
Nonspendable	1,747,334	474,760	292,457	430,082
Restricted, reported in:				
Special revenue funds	10,694,901	12,160,318	13,044,833	14,652,413
Debt service funds	680,823	1,046,485	1,437,900	1,765,680
Capital projects funds	1,402,123	3,056,376	494,641	266,930
Permanent fund	1,825	28,353	3,318	3,896
Assigned	-	-	-	-
Total all other governmental funds	<u>14,527,006</u>	<u>16,766,292</u>	<u>15,273,149</u>	<u>17,119,001</u>
Total governmental funds	<u>\$ 18,976,289</u>	<u>\$ 23,525,035</u>	<u>\$ 21,956,548</u>	<u>\$ 23,802,518</u>

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 129,315	\$ 131,224	\$ 164,319	\$ -	\$ -	\$ 37,402
-	-	-	-	445,542	529,726
-	-	-	1,300,000	3,075,000	2,950,000
8,232,519	9,675,674	6,721,096	5,221,748	4,374,352	7,391,788
<u>8,361,834</u>	<u>9,806,898</u>	<u>6,885,415</u>	<u>6,521,748</u>	<u>7,894,894</u>	<u>10,908,916</u>
405,082	1,000	1,000	157,957	156,209	179,085
15,105,248	14,189,386	15,339,796	15,178,562	14,145,088	14,456,669
1,385,001	34,911	30,222	33,163	37,897	102,301
278,527	163,965	246,066	402,587	118,466	189,317
21,158	10,278	9,924	9,930	10,034	10,347
-	-	-	-	-	2,277,340
<u>17,195,016</u>	<u>14,399,540</u>	<u>15,627,008</u>	<u>15,782,199</u>	<u>14,467,694</u>	<u>17,215,059</u>
<u>\$ 25,556,850</u>	<u>\$ 24,206,438</u>	<u>\$ 22,512,423</u>	<u>\$ 22,303,947</u>	<u>\$ 22,362,588</u>	<u>\$ 28,123,975</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			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 22,901,870	\$ 24,308,407	\$ 25,401,427	\$ 26,843,146
Licenses and permits	2,184,584	3,139,452	3,176,333	2,889,242
Federal grants	1,722,152	1,259,964	3,698,693	3,082,224
State grants	10,282,660	10,062,113	9,970,737	9,803,930
Charges for services	4,363,152	3,857,659	4,812,481	3,589,406
Fines and forfeitures	3,705,665	3,992,629	4,412,285	4,145,185
Interest and rentals	512,219	772,796	1,699,490	2,120,566
Contributions and donations	536,753	1,036,809	624,994	507,954
Other revenue	900,444	821,018	892,986	1,106,180
Total revenues	47,109,499	49,250,847	54,689,426	54,087,833
Expenditures				
General government	10,596,597	9,160,702	11,810,472	12,155,896
Public safety	17,078,156	18,045,357	19,978,522	20,426,500
Public works	15,058,320	15,693,263	19,420,647	15,152,352
Health and welfare	447,452	473,915	474,420	455,470
Community and economic development	1,622,347	1,349,101	1,766,681	1,569,772
Recreation and culture	2,870,755	2,954,605	3,232,077	3,284,964
Debt service:				
Principal payments	500,000	520,000	675,000	715,000
Interest and paying agent fees	723,310	692,014	817,317	772,931
Total expenditures	48,896,937	48,888,957	58,175,136	54,532,885
Revenue over (under) expenditures	(1,787,438)	361,890	(3,485,710)	(445,052)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	3,700,000	5,680,000	825,000
Premium on issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	(5,581,777)	-
Transfers in	3,681,666	5,974,462	9,824,549	4,992,029
Transfers from component units	500,000	-	-	-
Transfers out	(2,075,086)	(5,525,801)	(8,073,240)	(3,556,965)
Sale of capital assets	194,118	38,195	67,691	30,958
Total other financing sources (uses)	2,300,698	4,186,856	1,917,223	2,291,022
Net change in fund balances	\$ 513,260	\$ 4,548,746	\$ (1,568,487)	\$ 1,845,970
Debt service as a percentage of noncapital expenditures	2.68%	2.79%	3.10%	3.00%

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 27,791,327	\$ 27,894,711	\$ 28,247,608	\$ 26,381,439	\$ 25,741,884	\$ 32,657,464
2,561,656	2,455,968	2,926,558	2,691,023	3,468,967	4,231,944
2,907,622	1,787,930	1,830,199	2,001,554	3,117,674	2,536,488
9,661,102	9,261,154	8,676,226	8,703,584	8,774,561	9,021,184
3,735,014	3,806,309	3,688,251	4,281,063	4,168,570	5,303,604
4,396,589	4,175,074	3,929,759	4,129,803	4,010,892	4,057,370
2,304,081	1,320,563	675,657	498,883	499,497	525,311
1,541,430	1,811,555	1,736,650	1,255,738	1,486,024	1,338,658
964,482	1,562,187	862,817	477,906	478,914	408,205
<u>55,863,303</u>	<u>54,075,451</u>	<u>52,573,725</u>	<u>50,420,993</u>	<u>51,746,983</u>	<u>60,080,228</u>
8,630,729	9,004,224	8,925,132	8,331,615	8,807,176	7,999,871
24,646,113	25,414,070	26,624,516	24,534,124	23,449,671	24,773,584
13,086,601	14,057,676	13,873,005	12,460,296	13,506,755	13,547,204
597,709	712,703	688,640	765,013	708,524	769,483
2,307,383	1,405,210	1,864,821	1,843,800	1,901,247	1,426,415
3,986,566	3,912,795	3,670,704	3,549,926	3,223,250	3,262,250
830,000	865,000	910,000	945,000	985,000	1,020,000
776,549	710,111	689,500	666,865	609,981	520,597
<u>54,861,650</u>	<u>56,081,789</u>	<u>57,246,318</u>	<u>53,096,639</u>	<u>53,191,604</u>	<u>53,319,404</u>
<u>1,001,653</u>	<u>(2,006,338)</u>	<u>(4,672,593)</u>	<u>(2,675,646)</u>	<u>(1,444,621)</u>	<u>6,760,824</u>
-	-	-	-	-	4,965,000
-	-	-	-	-	292,966
-	-	-	-	-	(5,060,000)
3,445,684	6,058,933	9,250,201	7,427,440	5,898,961	20,175,143
-	-	-	-	-	-
(2,693,004)	(5,403,007)	(6,271,623)	(4,960,270)	(4,376,101)	(21,392,144)
-	-	-	-	-	-
<u>752,680</u>	<u>655,926</u>	<u>2,978,578</u>	<u>2,467,170</u>	<u>1,522,860</u>	<u>(1,019,035)</u>
<u>\$ 1,754,333</u>	<u>\$ (1,350,412)</u>	<u>\$ (1,694,015)</u>	<u>\$ (208,476)</u>	<u>\$ 78,239</u>	<u>\$ 5,741,789</u>
3.10%	2.98%	3.01%	3.17%	3.18%	3.07%

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Taxable Value and Assessed Value of Taxable Property

Last Ten Fiscal Years

Tax Year	Fiscal Year	Real Property Taxable Value				Industrial Facilities Tax (IFT)	Total Real
		Residential	Commercial	Industrial			
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	
2011	2012	1,648,632,770	396,588,890	43,977,480	-	2,089,199,140	
2012	2013	1,626,988,850	391,226,770	41,045,340	-	2,059,260,960	

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

Source: City Assessor's records.

Personal Property Taxable Value						
Personal	Industrial Facilities Tax (IFT)	Total Personal	Total Taxable Value	Direct Tax Rate (mills)	Assessed Value (Including IFTs)	Taxable as a % of Assessed Value
\$ 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%
119,051,890	14,124,730	133,176,620	2,222,375,760	11.7250	2,349,535,700	94.6%
137,095,330	9,577,040	146,672,370	2,205,933,330	11.7261	2,344,988,010	94.1%

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Property Tax Rates - Direct and Overlapping
Last Ten Fiscal Years

Tax Year	Fiscal Year	Direct City Taxes - Millage Rates (\$1 per 1,000) (1)						Total Direct Taxes
		General Operating		Solid Waste Operating		Library Operating	Voted Debt	
		Charter	Publications	Refuse-State	Refuse-Voted			
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
2011	2012	7.3947	0.0239	2.0164	0.9965	0.9597	0.3338	11.7250
2012	2013	7.3947	0.0225	2.0164	0.9965	0.9597	0.3363	11.7261

Notes:

- (1) General Operating millage includes the Charter operating rate. 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		
2011	2012	7.3947	0.0239	2.0164	0.9965	0.9597	no limit
			not to exceed \$50,000 / year				

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

Source: City Assessor's records.

Overlapping Taxes				Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (3)		Downtown Development Authority (DDA) (5)
County Taxes (2)	Intermediate School District	Oakland Community College	State Education Tax (SET)	Before School Taxes	School P.R.E. (3)	School Non-P.R.E. (3)	Tax Rate for P.R.E.	Tax Rate for Non-P.R.E.	
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
5.3361	3.3690	1.5844	6.0000	28.0145	7.7312	22.7100	35.7457	50.7245	1.6477
5.3361	3.3690	1.5844	6.0000	28.0156	7.7300	22.7100	35.7456	50.7256	1.6477

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Principal Property Taxpayers

Ten Year Comparison

Taxpayer	Assessment Year					
	2004			2013		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	\$ 32,052,410	1	1.65%	\$ 22,163,440	1	1.00%
Beaumont Hospital	14,252,990	3	0.73%	17,446,290	2	0.79%
Consumer's Energy	12,529,765	4	0.64%	15,262,510	3	0.69%
HHI FormTech Industries				14,292,680	4	0.65%
Flex-N-Gate				13,896,000	5	0.63%
Amber Equities, LLC	10,746,551	5	0.55%	12,250,660	6	0.56%
Sears Holding				8,381,480	7	0.38%
New Par/Verizon				8,126,810	8	0.37%
Main Eleven Royal Oak				7,013,550	9	0.32%
CH Royal Oak LLC				6,948,350	10	0.31%
Metaldyne	24,447,650	2	1.26%			
Co-op Services	9,043,300	6	0.47%			
Veltri Metal	8,857,100	7	0.46%			
National City Bank	7,664,740	8	0.39%			
Meijer, Inc.	7,568,720	9	0.39%			
Garber Family Printshop	6,241,450	10	0.32%			
Total taxable value of ten largest taxpayers	133,404,676		6.86%	125,781,770		5.70%
Total taxable value of all other taxpayers	1,810,966,623		93.14%	2,080,151,560		94.30%
Total taxable value of all taxpayers	<u>\$ 1,944,371,299</u>		<u>100.00%</u>	<u>\$ 2,205,933,330</u>		<u>100.00%</u>

Source: City Assessor

CITY OF ROYAL OAK, MICHIGAN

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
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%	2,025,141	32,443,196	99.30%
2007	2008	27,941,762	27,684,282	99.07%	23,752	27,708,034	99.16%
2008	2009	27,871,925	27,828,147	99.84%	3,855	27,832,002	99.85%
2009	2010	28,304,183	28,177,662	99.55%	105,667	28,283,329	99.92%
2010	2011	26,338,079	26,314,425	99.91%	23,302	26,337,727	99.99%
2011	2012	25,685,056	25,656,002	99.88%	13,746	25,669,748	99.94%
2012	2013	32,676,999	32,629,339	99.85%	25,795	32,655,134	99.93%

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, MICHIGAN

Debt Capacity Information

Ratios of Outstanding Debt
Last Ten Fiscal Years

	2004	2005	2006	2007
Governmental Activities				
General obligation bonds	\$ 14,990,000	\$ 18,170,000	\$ 17,700,000	\$ 17,810,000
Business-type Activities				
General obligation bonds	24,437,387	23,327,387	23,757,387	22,437,387
Loans and Contractual obligations	31,280,486	32,744,671	32,447,026	31,164,996
Total	55,717,873	56,072,058	56,204,413	53,602,383
Component Unit Activities				
General obligation bonds	725,000	625,000	525,000	425,000
Total debt of the City	\$ 71,432,873	\$ 74,867,058	\$ 74,429,413	\$ 71,837,383
Total taxable value	\$ 1,994,371,299	\$ 2,038,953,627	\$ 2,157,426,170	\$ 2,303,209,010
Ratio of total debt to taxable value	3.58%	3.67%	3.45%	3.12%
Total population	58,485	58,279	57,984	55,777
Total debt per capita	\$1,221	\$1,285	\$1,284	\$1,288

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

Source: City Finance Department

2008	2009	2010	2011	2012	2013
<u>\$ 19,625,000</u>	<u>\$ 19,850,000</u>	<u>\$ 18,610,000</u>	<u>\$ 17,335,000</u>	<u>\$ 16,005,000</u>	<u>\$ 14,530,000</u>
21,047,387	30,132,387	28,317,387	26,437,387	24,957,387	23,427,387
<u>29,946,268</u>	<u>30,149,462</u>	<u>29,280,006</u>	<u>27,504,922</u>	<u>25,650,523</u>	<u>23,739,452</u>
<u>50,993,655</u>	<u>60,281,849</u>	<u>57,597,393</u>	<u>53,942,309</u>	<u>50,607,910</u>	<u>47,166,839</u>
<u>300,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 70,918,655</u>	<u>\$ 80,281,849</u>	<u>\$ 76,207,393</u>	<u>\$ 71,277,309</u>	<u>\$ 66,612,910</u>	<u>\$ 61,696,839</u>
\$ 2,439,636,660 2.91%	\$ 2,460,287,390 3.26%	\$ 2,446,695,995 3.11%	\$ 2,268,380,950 3.14%	\$ 2,222,375,760 3.00%	\$ 2,205,933,330 2.80%
54,903	54,365	56,133	57,281	54,903	59,478
\$1,292	\$1,477	\$1,358	\$1,244	\$1,213	\$1,037

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities	Net General Bonded Debt
	Limited tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Limited tax General Obligation Bonds (LTGO)	
2004	\$ 6,590,000	\$ 8,400,000	\$ 680,823	\$ 24,437,387	\$ 23,308,210
2005	10,085,000	8,085,000	1,046,485	23,327,387	26,373,872
2006	9,940,000	7,760,000	1,437,900	23,757,387	27,375,287
2007	10,390,000	7,420,000	1,765,680	22,437,387	27,173,067
2008	12,560,000	7,065,000	1,385,001	21,047,387	27,927,388
2009	13,150,000	6,700,000	34,911	30,132,387	36,617,298
2010	12,295,000	6,315,000	30,222	28,317,387	34,327,609
2011	11,420,000	5,915,000	33,163	26,437,387	31,975,550
2012	10,510,000	5,495,000	37,897	24,957,387	30,010,284
2013	9,565,000	4,965,000	176,120	23,427,387	28,203,507

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



Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
\$ 1,944,371,299	1.20%	58,485	399
2,038,953,627	1.29%	58,279	453
2,157,426,170	1.27%	57,984	472
2,303,209,010	1.18%	55,777	487
2,439,636,660	1.14%	54,903	509
2,460,287,390	1.49%	54,365	674
2,446,695,995	1.40%	56,133	612
2,268,380,950	1.41%	57,281	558
2,222,375,760	1.35%	57,364	523
2,205,933,330	1.28%	59,478	474



CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
June 30, 2013

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 61,696,839	\$ 35,986,839	\$ 25,710,000	\$432	1.17%
Overlapping Debt:					
	Gross (1)	City share as % of Gross (1)	Net City Share		
Royal Oak School District	\$ 59,170,000	97.00%	\$ 57,394,900		
Berkley School District	17,985,000	2.03%	365,096		
Clawson School District	25,000,000	0.92%	230,000		
Oakland County at large	119,779,697	4.51%	5,402,064		
Oakland Intermediate School District	56,670,000	4.53%	2,567,151		
Oakland County Community College	<u>3,765,000</u>	4.54%	<u>170,931</u>		
Total Overlapping Debt	<u>282,369,697</u>		<u>66,130,142</u>	<u>1111.84206</u>	<u>3.00%</u>
Total Direct and Overlapping Debt	<u>\$ 344,066,536</u>		<u>\$ 91,840,142</u>	<u>\$1,544</u>	<u>4.17%</u>

(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 long-term 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, MICHIGAN

Debt Capacity Information

Computation of Legal Debt Margin
Last Ten Fiscal Years

As of June 30	2004	2005	2006	2007
Valuation base				
State equalized valuation - excluding IFT values	\$ 2,602,654,075	\$ 2,746,054,460	\$ 2,871,525,690	\$ 3,012,515,470
Plus: equivalent valuation of Act 198 exemptions	5,985,120	577,080	265,640	3,177,250
Total valuation	<u>\$ 2,608,639,195</u>	<u>\$ 2,746,631,540</u>	<u>\$ 2,871,791,330</u>	<u>\$ 3,015,692,720</u>
Legal debt limitation - 10% of total valuation	\$ 259,966,151	\$ 274,576,592	\$ 287,139,287	\$ 301,092,684
Calculation of debt subject to limit:				
Debt outstanding	71,432,873	74,867,058	75,282,703	71,837,383
Less: Bonds not subject to limit	(41,917,168)	(42,864,058)	(46,219,294)	(44,273,335)
Net debt subject to limit	<u>29,515,705</u>	<u>32,003,000</u>	<u>29,063,409</u>	<u>27,564,048</u>
Additional Debt which can be legally incurred	<u>\$ 230,450,446</u>	<u>\$ 242,573,592</u>	<u>\$ 258,075,878</u>	<u>\$ 273,528,636</u>
Non-exempt debt as a percent of debt limit	1.13%	1.17%	1.01%	0.91%

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 combined sewer overflow abatement facility. The resources of a sinking fund pledged for the retirement of outstanding bonds shall also be excluded in computing the debt limitation.

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



2008	2009	2010	2011	2012	2013
\$ 3,114,268,450	\$ 2,986,475,590	\$ 2,808,167,535	\$ 2,462,441,170	\$ 2,349,535,700	\$ 2,335,410,970
4,931,860	4,893,960	4,908,820	5,712,590	14,124,730	9,577,040
<u>\$ 3,119,200,310</u>	<u>\$ 2,991,369,550</u>	<u>\$ 2,813,076,355</u>	<u>\$ 2,468,153,760</u>	<u>\$ 2,363,660,430</u>	<u>\$ 2,344,988,010</u>
\$ 311,920,031	\$ 299,136,955	\$ 281,307,636	\$ 246,815,376	\$ 236,366,043	\$ 234,498,801
70,918,655	80,281,849	76,207,393	71,277,309	66,612,910	61,696,839
(43,878,655)	(46,396,849)	(44,452,393)	(26,437,387)	(38,897,910)	(35,986,839)
<u>27,040,000</u>	<u>33,885,000</u>	<u>31,755,000</u>	<u>44,839,922</u>	<u>27,715,000</u>	<u>25,710,000</u>
<u>\$ 284,880,031</u>	<u>\$ 265,251,955</u>	<u>\$ 249,552,636</u>	<u>\$ 201,975,454</u>	<u>\$ 208,651,043</u>	<u>\$ 208,788,801</u>
0.87%	1.13%	1.13%	1.82%	1.17%	1.10%



CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds						
	Water & Sewer Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
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%
2012	27,426,573	19,275,416	8,151,157	2,829,400	1,151,522	3,980,922	205%
2013	26,532,412	19,739,321	6,793,091	2,911,071	1,063,927	3,974,998	171%

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

Source: City Finance Department

CITY OF ROYAL OAK, MICHIGAN

Demographic and Economic Information

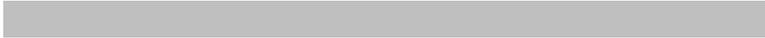
Demographic Statistics

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)
2004	28,678	58,485	\$ 49,776	\$2,911,149	38.6	6,017
2005	28,722	58,279	51,078	2,976,775	36.2	5,726
2006	28,760	57,984	52,310	3,033,143	39.3	5,496
2007	28,889	55,777	53,429	2,980,109	39.5	5,301
2008	28,674	54,903	54,900	3,014,175	39.9	5,270
2009	28,601	54,365	50,334	2,736,408	40.1	5,489
2010	27,639	56,133	49,917	2,801,991	40.6	5,528
2011	28,169	57,281	49,917	2,859,296	39.1	5,470
2012	28,216	57,364	49,917	2,863,439	40.5	5,172
2013	29,342	59,478	53,297	3,169,999	37.8	5,163

Source:

- * Information not available
- (1) U.S. Census and SEMCOG
- (2) 2003-2010 U.S. Department of Commerce, Bureau of Economic Analysis, Regional Bearfacts for Oakland County, MI. 2011-2012 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.



Royal Oak (5)		Michigan (5)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
36,205	3.5%	5,043	7.1%
36,009	3.5%	5,063	6.8%
35,684	3.5%	5,071	6.9%
35,342	3.8%	5,038	7.1%
34,503	4.4%	4,976	8.3%
33,082	8.2%	4,889	13.6%
33,222	8.4%	4,852	13.8%
32,861	6.7%	4,749	11.1%
33,122	6.7%	4,701	11.0%
34,121	5.3%	4,760	8.7%

CITY OF ROYAL OAK, MICHIGAN

Demographic and Economic Information

Principal Employers Ten-Year Comparison

Company Name	Product/Service	2004			2013		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	10,452	1	29.03%	10,386	1	30.44%
City of Royal Oak	Municipality	500	3	1.39%	442	2	1.30%
Royal Oak School District	Education	895	2	2.49%	407	3	1.19%
Oakland Community College	Education				437	4	1.28%
Flex-N-Gate Royal Oak	Automotive supplier				380	5	1.11%
HHI - Form Tech Industries LLC	Automotive Supplier				250	6	0.73%
Meijer, Inc.	Retailer/grocery store	450	4	1.25%	327	7	0.96%
Holiday Market	Grocery store				275	8	0.81%
Consumers Energy	Utility	200	8	0.56%	315	9	0.92%
Detroit Zoological Society	Zoo				350	10	1.03%
National City Bank	Financial Services	403	5	1.12%			-
Metaldyne	Automotive supplier	290	6	0.81%			-
Hawthorne Metal Products	Automotive supplier	280	7	0.78%			-
SBC Ameritech	Utility	200	9	0.56%			-
Detroit Edison	Utility	95	10	0.26%			-
Total		13,765		38.23%	13,569		39.77%

Sources: Royal Oak Finance Department

CITY OF ROYAL OAK, MICHIGAN

Operating Information

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	32	31	29	29	27	20	20	26
Other police vehicles	23	23	21	15	16	16	13	15	15	15
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	9	8	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	4	4
Public Parking										
Spaces	3,719	3,557	3,445	3,445	3,424	3,678	3,678	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	923	923	778	821	1,092	1,244	1,380	1,380	1,380	1,380
Streets	696	675	757	757	750	766	766	766	766	766
Meters	1,760	1,739	1,676	1,717	1,950	2,010	2,151	2,151	2,210	2,210
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	32/ 1 pick
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	131,989	139,309	132,186	139,843	153,499	175,713	185,301	177,803	181,523	181,474
Public computers	23	23	36	36	36	36	36	47	44	44
Roads and Sidewalks										
Miles of major streets	*	*	*	64.40	64.40	64.40	64.40	64.40	64.40	63.96
Miles of local streets	*	*	*	148.27	148.27	148.27	148.27	148.27	148.27	148.24
Miles of sidewalk	*	*	*	420	420	420	420	420.5	420.6	421.3
Utilities										
Water										
Miles of water main	215	215	215	215	215	215.50	215.50	217.00	217	217.60
Miles of sewer	357	357	357	357	357	357.70	357.70	358.50	359	358.65
Number of hydrants	2054	2057	2062	2064	2064	2070	2070	2111	2,115	2127
Forestry										
Number of trees in rights-of-way	*	*	*	21,138	23,121	23,121	23,121	20,781	22,048	20,541

Source: City Departments

Note: * Information not available

CITY OF ROYAL OAK, MICHIGAN

Operating Information

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year Ending June 30

Function / Program	2004	2005	2006	2007
Election data (calendar year)				
Registered voters	49,605	47,098	46,047	46,111
Elections held	3	3	3	1
Voters (at the polls or absentee)	35,204	16,645	27,746	8,222
Percent voting	71.0%	35.3%	60.3%	17.8%
Vital Records (calendar year)				
Birth	6,658	6,230	6,094	6,107
Death	2,016	1,994	1,995	2,143
District Court				
Number of court cases by judges	6,934	6,946	7,689	7,404
Number of court cases by magistrates	8,233	9,441	10,725	8,463
Number of traffic tickets disposed	23,940	25,503	27,157	28,146
Number of criminal cases disposed	2,020	2,861	2,706	2,986
Number of civil cases disposed	2,666	2,430	2,662	2,765
Number of parking tickets disposed	90,700	81,211	68,526	86,140
Assessing				
Parcels (tax / calendar year)	23,209	23,328	24,172	24,280
Documents processed (prior to 2008 PTAs only)	1,358	1,033	864	841
Building and Safety				
Permits issued	1,907	1,730	1,522	1,375
Estimated permit value (\$000)	\$83,172	\$106,404	\$109,009	\$53,464
Police (calendar year, 2009 through June 30)				
Calls for service	33,077	34,340	33,733	31,743
Group A offenses	3,286	3,635	3,899	3,776
Group B offenses	1,769	2,260	2,205	2,621
Traffic violations issued	23,832	23,236	26,956	21,635
Parking violations issued	*	80,314	67,519	92,136
Fire				
Fire runs	1,510	1,585	1,492	1,620
Emergency medical runs	3,608	3,648	3,573	3,590
Inspections	*	165	259	261
Human Resources				
Employment applications - full & part-time	975	1,383	985	986
Hires, position changes, retirements, terminations	89	55	64	45
Workers' comp. claims filed - medical & indemnity	102	93	59	62
Health insurance enrollees - Employees	340	330	321	311
Health insurance enrollees - Retirees	382	387	386	389

Source: City Departments

Note: * Information not available



2008	2009	2010	2011	2012	2013
47,881	47,374	48,167	48,167	49,034	49,080
3	1	1	1	3	1
35,357	8,553	7,456	7,456	34,607	*
73.8%	17.7%	15.5%	15.5%	70.6%	*
5,975	8,404	5,053	5,070	5,983	*
2,046	2,017	1,870	1,823	1,693	*
7,768	7,928	8,081	7,607	7,341	7,121
9,926	8,190	9,574	7,947	7,012	5,451
24,626	20,692	18,797	13,906	13,836	12,835
4,376	3,354	4,743	4,503	1,968	3,913
3,138	3,288	3,358	3,024	2,879	2,945
91,226	77,403	87,650	98,003	97,425	93,388
27,867	27,754	27,632	27,608	27,641	27,641
3,344	1,254	1,194	4,479	4,061	4,284
1,289	564	1,636	1,741	1,601	1,779
\$53,075	\$6,859	\$34,772	\$30,539	\$33,116	\$70,480
32,140	31,602	31,111	29,887	37,297	*
3,616	3,242	2,949	2,963	2,601	*
2,590	2,478	2,199	1,948	1,179	*
20,934	17,212	15,221	13,659	13,035	*
79,776	86,322	88,830	97,391	93,661	*
1,869	1,532	1,625	1,806	1,824	2,020
3,951	3,828	3,537	3,711	3,898	3,993
271	291	513	435	515	448
329	548	332	333	822	1,007
61	49	78	202	107	154
83	64	66	61	61	63
300	287	293	242	254	266
380	379	391	408	438	440

CITY OF ROYAL OAK, MICHIGAN

Operating Information

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year Ending June 30

Function / Program	2004	2005	2006	2007
Library (The library was closed for eight months in FY 2006 during remodeling.)				
Cardholders - new registrations	*	*	*	*
Cardholders - total registrations	23,894	27,077	29,812	24,364
Circulation - number of transactions	259,987	233,555	155,864	336,445
Number of visitors	252,705	232,888	75,000	296,578
Number of computer uses	33,888	38,902	31,037	104,043
Number of programs/events offered	*	*	*	345
Number of program/event attendees	*	*	*	9,513
Parks and recreation				
Ice rental and other use (hours per calendar year)	7,927	7,269	7,702	7,458
Recreation program participants	*	11,694	12,527	15,124
Golf Course				
Rounds of Golf - Normandy Oaks	*	*	*	15,107
Rounds of Golf - Royal Oak	*	*	*	25,883
Senior Programs				
Senior activity sessions	5,500	4,654	4,585	4,000
Senior activity participants	115,000	103,699	98,685	70,909
Senior meals served on-site and delivered	33,320	37,439	55,712	62,100
Senior transportation trips	17,839	17,757	17,321	18,000
Senior AGE program - Service Hours	23,500	24,000	24,000	24,000
Senior ROSES program in-home support jobs	3,297	2,995	2,300	2,000
Public Works / Engineering				
Miles of street resurfaced	7.44	0.69	0.46	0.00
Square feet of sidewalk - removed & replaced	329,240	230,710	329,738	*
Square feet of sidewalk - new	14,879	35,628	55,311	*
Curbside refuse collected (tons)	32,403	30,185	28,620	27,778
Curbside compost collected (tons)	9,739	8,830	6,706	9,006
Curbside recyclables collected (tons)	4,279	4,069	3,477	3,043
Leaf collection (tons)	6,611	6,662	9,680	3,900
Feet of watermain - replaced	3,620	3,892	3,830	3,693
Feet of watermain - new	270	1,395	306	1,165
Feet of sewer - replaced	612	0	3,111	579
Feet of sewer - new	95	0	0	1,708
Utilities - Water and Sewer				
Number of customers billed	23,669	23,743	23,802	23,848
Water units purchased (100 cubic feet)	318,265,000	308,870,900	315,553,300	332,034,800
Water units billed (100 cubic feet)	305,206,073	292,866,093	304,626,900	280,103,918
Wastewater units disposed (100 cubic feet)	*	*	311,874,000	302,249,700

Source: City Departments

Note: * Information not available

2008	2009	2010	2011	2012	2013
4,415	4,860	4,620	4,064	3,677	3,648
25,771	28,166	30,700	31,762	32,262	32,367
360,333	405,067	423,356	455,847	451,097	405,101
481,986	618,279	653,482	651,552	572,957	519,595
97,482	77,910	65,858	64,075	74,560	66,234
435	549	532	510	704	521
13,180	15,862	14,664	16,172	16,323	15,441
7,496	7,820	7,459	7,511	*	7,888
15,756	16,208	16,548	16,560	16,600	16,688
17,230	16,136	14,224	10,275	9,536	9,127
27,140	26,017	24,354	17,970	17,340	16,240
3,794	3,879	4,019	4,147	4,176	4,214
93,275	95,832	96,549	90,641	95,742	87,787
42,168	34,010	34,496	28,208	24,052	13,429
18,120	18,690	16,755	15,249	14,101	12,611
24,000	24,000	19,675	24,000	24,000	24,000
2,045	2,542	2,617	3,164	3,839	2,090
2.11	3.00	3.38	2.60	2.52	2.33
22,364	31,000	43,465	29,583	242,330	299618
9,973	1,000	2,069	1,100	1,989	19363
28,690	24,939	23,587	23,226	22,780	22,145
10,829	10,432	10,337	9,943	7,770	7,730
3,415	3,654	3,754	3,940	3,908	4,690
5,125	3,643	3,256	10,340	3,677	3,330
8,373	9,765	6,048	8,270	5,323	10160
1,160	2,333	2,527	499	892	840
1,625	1,967	0	0	0	0
2,155	989	0	0	801	801
23,873	23,894	23,892	23,907	23,912	23,929
293,807,500	278,193,100	260,659,900	266,638,900	275,758,400	262,629,400
288,715,060	261,780,300	247,389,000	264,545,100	248,509,201	246,613,100
293,592,500	277,958,800	264,178,600	266,435,300	275,555,200	262,378,200

CITY OF ROYAL OAK, MICHIGAN

Operating Information

Authorized Full-time Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
44th District Court/Probation	23	23	22	22	22	22	22	20	20	20
Administrative Services										
Manager	3	2	2	2	2	2	2	2	2	3
Attorney	4	4	5	4	5	4	4	3	3	3
City Clerk	7	7	4	4	4	4	5	4	4	4
Human Resources	5	4	4	4	4	4	4	2	2	2
Building	12	12	11	11	11	11	8	5	5	5
Code Enforcement	7	7	6	5	5	4	6	4	2	2
Engineering	12	9	11	10	10	10	10	7	9	7
Planning	5	5	6	5	5	5	4	4	4	3
Block Grant	3	3	3	3	3	2	1	1	1	1
Housing	2	2	2	2	2	1	2	1	1	-
Finance Group	7	6	6	6	6	6	6	6	5	5
Assessing	5	5	5	4	4	4	4	4	3	3
Purchasing	1	1	1	1	1	1	-	-	-	-
Treasurer	5	5	5	5	5	5	4	4	4	4
Water Billing	2	2	2	2	2	1	1	1	1	1
Information Systems	6	6	6	6	6	4	4	4	4	4
Subtotal	85	79	79	74	75	68	65	51	49	46
Library	15	15	12	14	13	13	12	12	11	10
Public Safety										
Police	123	117	107	106	107	103	98	82	77	81
Fire	72	68	70	65	63	63	62	56	56	56
Subtotal	195	185	177	171	170	166	160	138	133	137
Recreation & Public Services										
Public Service										
Parks & Forestry	16	14	13	8	8	8	8	2	8	7
CH Building Maintenance	2	2	2	2	2	2	2	2	2	2
Highway	23	20	14	16	16	14	14	-	-	-
Motor Pool	12	12	12	12	12	11	11	10	9	9
Electrical	2	2	2	2	1	1	1	1	-	-
Solid Waste	-	1	1	1	1	1	2	15	13	14
Water Maintenance	9	9	8	9	9	9	8	12	8	7
Water Meter Services	6	6	6	6	6	6	6	5	5	4
Sewer Maintenance	10	10	9	9	9	9	8	9	8	7
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	4	4	3	2	2	2	2	2	2	2
Ice Arena	1	1	1	1	1	1	1	1	-	-
Senior Services	2	2	2	2	2	2	2	2	1	1
Subtotal	90	86	76	73	72	69	68	64	59	56
Total	408	388	366	354	352	338	327	285	272	269.0

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

Source: City Finance Department