

City of
Royal Oak,
Michigan



Year Ended
June 30, 2015

Comprehensive
Annual
Financial
Report

City Commission

Mayor

James B. Ellison

Mayor Pro Tem

David J. Poulton

Commissioners

Sharlan Douglas
Michael Fournier
Pat Paruch

Kyle Dubuc
Jeremy Mahrle
David Poulton

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

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INTRODUCTORY SECTION



December 1, 2015

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, 2015. 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, Certified Public Accountants. The city has received an unmodified opinion for the June 30, 2015 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 57,236 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 rigorously 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, a holiday magic parade held in November, and the Woodward Dream Cruise (the world's largest one day car event). For the sixth 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" (city's vision statement) for residents and visitors.

Government

Royal Oak was organized as a township in 1832, as a village in 1891 and incorporated as a home rule city in 1921 under the Home Rule Cities Act, being Act 279, Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"). The City operates under the council-manager form of government, but we call our "council" the "city commission." The mayor and six commissioners are elected on a non-partisan, at-large basis. The mayor is elected for a two-year term and the commissioners serve for four-year 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 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. Building permit revenue increased nearly 20 percent over fiscal year 2015 and increased by 235 percent since the recent low in fiscal year 2011.

The city's assessed taxable value percentage shifted slightly (2 percent) from commercial to residential. For the fiscal year 2015-16, residential property is 76 percent of the city's assessed taxable value, 16 percent commercial property, 2 percent industrial and 6 percent personal property. Due to recent small taxpayer legislation the city lost \$7.1 million in personal property taxable value. Currently, the industrial, commercial and residential values have vacant parcel values included in these percentages. Royal Oak's office and retail vacancy rates are among the lowest in southeast Michigan at 8.5 percent and 7.4 percent respectively. Over thirty creative and technology companies have located in Royal Oak since 2010, including Hulu's Detroit office, Vectorform, Crowdrise and Ambassador, who has tripled its staff downtown the last year. There are currently three multimillion dollar office projects in the works for downtown Royal Oak plus a groundbreaking for a \$47 million Hyatt Place Hotel. Recently Royal Oak was ranked as one of the "Top 10 Small Exciting Cities in America" and one of the "Best Place to Live in Michigan" (areavibes).

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 35,320 persons (3 percent increase from last year) with per capita personal income at approximately \$39,880. Royal Oak's unemployment rate for September was 2.5 percent compared favorably to the State's unemployment rate of 5.0 percent for the same period.

Fiscal Highlights

The city prepared a detailed budget with a four year outlook to assist with the financial planning. 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, estimated revenue, estimated expenditures, projected transfers, and projected ending fund balance for each year of the four years. The fiscal year 2015 ending general fund unassigned fund balance increased by \$2.3 million as opposed to a use of fund balance of \$863,660 originally budgeted. The year ended with a general fund fund balance of 39 percent of expenditures when combined with the public safety fund. Combined fund balance is projected to be 27 percent by the end of fiscal year 2016, which is close to policy range of 25 percent. The city combines the general fund and public safety fund when considering fund balance due to the public safety fund receiving a significant amount of its revenue from the general fund. Ten year road improvement ballot language was approved by the voters in November of 2014 and the city immediately levied 2.5 mills on the 2014 winter tax bill. This brought in an additional \$5.36 million for much needed city road improvements.

Long-term Financial Planning

Not only did the city prepare a four year projection during the budget preparation process, for a fourth 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 2016 budget process. Information from the capital improvement plan is also included in the budget document. The CIP includes all of the capital projects and reports the possible sources of funding by project for the next six years totaling nearly \$116.5 million of city capital costs. Due in part to the CIP process, it was identified that the city needed 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. Two years ago the strategic planning session identified street funding (and legacy cost) resolutions as major objectives to address in fiscal year 2015. A millage ballot proposal of 2.5 mills was put on the November 4, 2014 election by the city commission. This ballot proposal was passed by voters in response to the road funding problem. Approximately \$31.6 million for local road projects and \$10.2 million for major road projects are in the latest CIP.

Financial Policies

The city commission has financial policies covering attrition, capital assets, capital improvement projects, debt management, fund balance, investments and retirement contributions. More recently the city commission adopted a new fund balance for the state construction code fund in an effort to stabilize the fund during economic downturns. The policy provides the City will maintain a fund balance not less than 50% of budgeted expenditures but no more than 150%.

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. Beginning in fiscal year 2014-15, the city commission approved the reinstatement of the purchasing agent position, which will help to improve asset protection and efficiency.

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 downsizing of the treasury office and continuous turnover of part-time staff this has become 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 2011, 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 approximately \$1.8 million in federal grant revenue. We were recipients of \$972,295 in funds through the Community Development Block Grant, \$813,589 from a FEMA grant for a state of emergency flooding event and some small miscellaneous police grants.

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, 2014. 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 ended June 30, 2015. 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

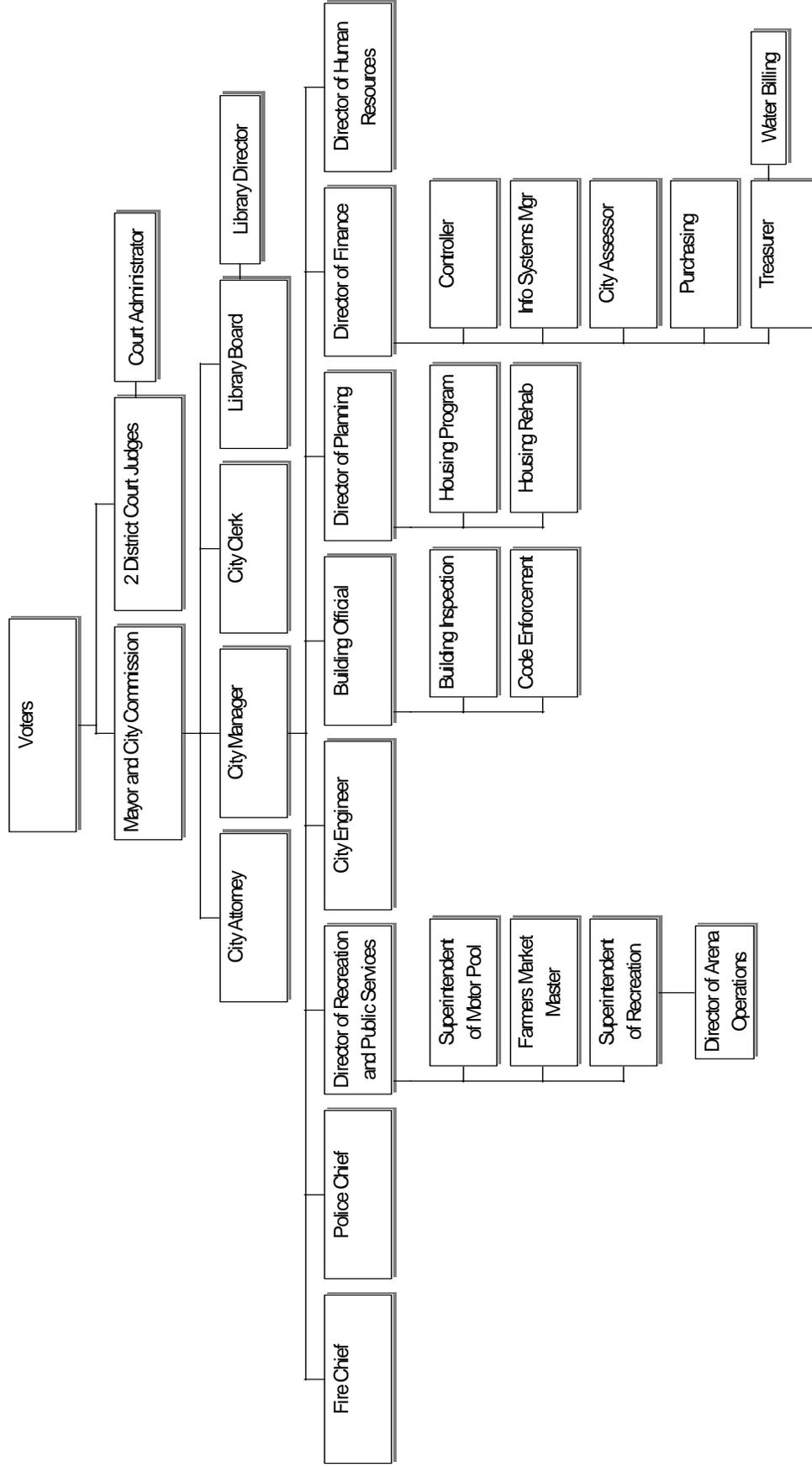
**City of Royal Oak
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF ROYAL OAK, MICHIGAN
Organization Chart
 As of June 30, 2015



CITY OF ROYAL OAK, MICHIGAN

Principal Officials

As of June 30, 2015

City Manager	Donald E. Johnson
City Attorney	Mark O. Liss
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	Sekar Bawa
Assistant Finance Director/Controller	Anthony C. DeCamp
Court Administrator	Gary Dodge
Director of Community Development	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	Mike Kirby
Police Chief	Corrigan O'Donohue
Superintendent of Recreation	Tod A. Gazetti

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

December 1, 2015

To the Honorable Mayor and City Commission
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, 2015, 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, 2015, 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.

Implementation of GASB Statement No. 68

As described in Note 17, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, beginning net position of the governmental activities, the business-type activities, water and sewer enterprise fund, automobile parking enterprise fund, nonmajor enterprise funds, internal service funds, and the component units were restated. Our opinion is not modified with respect to this matter.

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 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 December 1, 2015, 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 "Rehmann Lobson 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, 2015. 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 City implemented GASB Statement No. 68 in the current year. In addition to expanded disclosure requirements, the City is required to report its net pension liability on the statement of net position.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$194,741,949 (net position). Of this amount, (\$-38,261,472) (unrestricted (deficit) net position) may be used to meet the government's ongoing obligations to residents and creditors.
- The government's total net position increased by \$14,308,594 as compared to a \$8,895,156 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 \$41,057,220. Approximately 32 percent of this total amount, \$13,085,091 is unassigned, all in the general fund.
- At the end of the current fiscal year, the \$13,085,091 of unassigned fund balance for the general fund was 43 percent of total general fund expenditures and transfers out. The City's current general fund fund balance policy is to maintain unassigned at ten percent of budgeted expenditures but no more than twenty five percent of budgeted expenditures. Combined general fund and public safety fund balances are projected to fall within policy by fiscal year 2016 due to the need to increase transfers out to the public safety fund.
- General fund tax revenue increased by \$477,456 or 2.9 percent and total City tax revenue increased \$7,722,549 or 23.7 percent due to the new roads improvement millage. Licenses and permits revenue increased by \$508,262 or 10.5 percent, charges for services increased \$604,301 or 12.1 percent, and contributions and donations increased \$805,619 or 38.8 percent.
- Total governmental fund expenditures increased by \$9,557,502 or 17 percent mostly due to an increase of \$5,017,271 or 35.7 percent for public works, an increase of \$3,644,030 or 3.6 percent for public safety and an increase of \$610,024 or 7.4 percent for general government. Transfers in increased \$777,782 or 3.6 percent due to transfers to capital projects finance the special assessment sidewalks.

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, and deferred inflows of resources, with the difference between assets and deferred outflows less liabilities and deferred inflows 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.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

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).

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 DDA 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 four other major funds: public safety, solid waste, community development block grant, and city capital projects. Data from the other eleven 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.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

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.

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 technology management, self-insured workers compensation, healthcare (BCBS) self-insurance and general liability/property self-insurance.

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 statements 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 and OPEB.

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 \$194,741,949, an increase of \$14,308,594 or 3.4 percent, at the close of the most recent fiscal year.

By far the largest portion of the City's net position 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 (12 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted (deficit) net position (\$-38,261,472) occurred due to the recording of the GASB 68 pension obligation, a decrease of (\$-63,263,867) from the prior year.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 76,370,818	\$ 65,388,863	\$ 25,161,731	\$ 28,272,676	\$ 101,532,549	\$ 93,661,539
Capital assets, net	144,861,781	140,365,112	115,221,193	115,125,730	260,082,974	255,490,842
Total assets	221,232,599	205,753,975	140,382,924	143,398,406	361,615,523	349,152,381
Deferred charge on refunding	113,580	58,332	223,855	244,518	337,435	302,850
Deferred pension amounts	5,088,238	-	370,787	-	5,459,025	-
Total deferred outflows	5,201,818	58,332	594,642	244,518	5,796,460	302,850
Long-term liabilities	17,809,309	18,978,114	40,032,342	43,626,833	57,841,651	62,604,947
Other liabilities	105,654,032	37,852,994	9,174,351	5,339,186	114,828,383	43,192,180
Total liabilities	123,463,341	56,831,108	49,206,693	48,966,019	172,670,034	105,797,127
Net position:						
Net investment in capital assets	132,341,007	126,120,881	78,110,713	74,792,125	210,451,720	200,913,006
Restricted	22,551,701	17,742,703	-	-	22,551,701	17,742,703
Unrestricted (deficit)	(51,921,632)	5,117,615	13,660,160	19,884,780	(38,261,472)	25,002,395
Total net position	\$ 102,971,076	\$ 148,981,199	\$ 91,770,873	\$ 94,676,905	\$ 194,741,949	\$ 243,658,104

The City's net position increased by \$14,308,594 during the current fiscal year as compared to a \$8,895,156 increase in the previous year. The increase is mostly attributed to an increase in both current and other assets (primarily the increase in cash and investments) and capital assets. Deferred outflows also increased significantly due to recording deferred pension outflows in compliance with GASB 68.

Governmental Activities

Governmental activities increased the City's net position by \$12,920,304 as compared to a \$4,515,866 increase in the previous year, a difference of (\$-8,404,438) between the two years. This difference is due to an increase in property taxes of \$7,384,928 mostly from the addition of the roads improvement millage and increased public safety millage. Public works expenses increased \$1,424,873 for road improvements.

Business-type Activities

Business-type activities increased the City's net position by \$1,388,290 as compared to a \$4,379,290 increase in the previous year, a difference of \$2,991,000 mostly due to the restatement for implementation of GASB 68 reducing the net position by (\$-4,294,322).

CITY OF ROYAL OAK, MICHIGAN

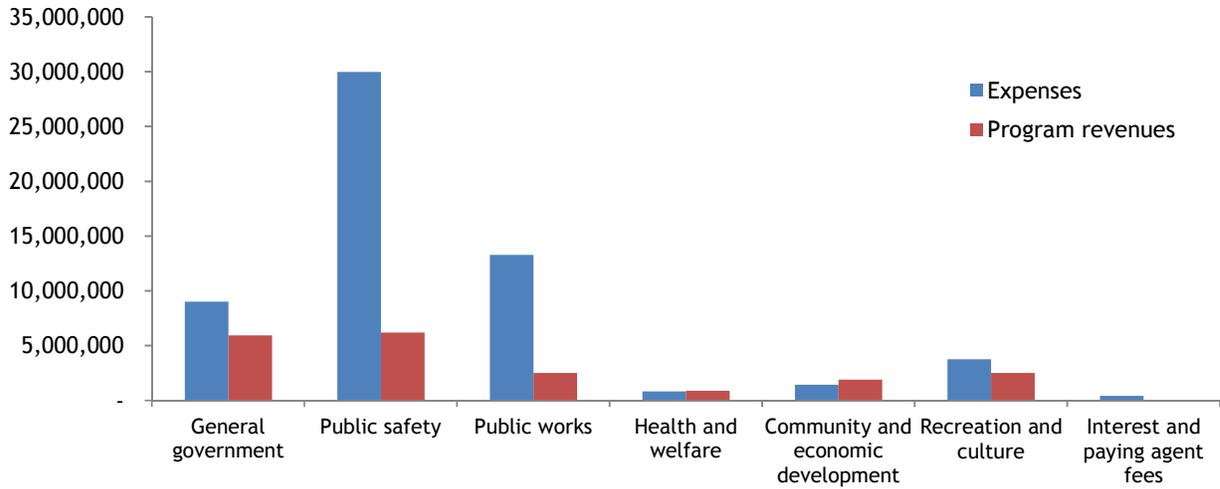
Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 15,531,727	\$ 14,390,030	\$ 32,350,329	\$ 31,509,258	\$ 47,882,056	\$ 45,899,288
Operating grants	4,232,338	4,852,240	635,612	634,047	4,867,950	5,486,287
Capital grants	162,263	299,977	-	-	162,263	299,977
General revenues:						
Property taxes	39,990,264	32,605,336	-	-	39,990,264	32,605,336
State shared revenues	8,953,377	9,043,725	-	-	8,953,377	9,043,725
Other	420,706	862,786	272	26,077	420,978	888,863
Total revenues	69,290,675	62,054,094	32,986,213	32,169,382	102,276,888	94,223,476
Expenses:						
General government	9,017,535	8,823,978	-	-	9,017,535	8,823,978
Public safety	29,965,336	29,807,897	-	-	29,965,336	29,807,897
Public works	13,295,707	11,870,834	-	-	13,295,707	11,870,834
Health and welfare	834,244	1,235,631	-	-	834,244	1,235,631
Community and economic development	1,444,432	1,381,937	-	-	1,444,432	1,381,937
Recreation and culture	3,762,240	3,612,171	-	-	3,762,240	3,612,171
Interest and paying agent fees	431,845	445,709	-	-	431,845	445,709
Water & sewer	-	-	23,658,591	22,560,736	23,658,591	22,560,736
Parking	-	-	2,857,366	2,968,028	2,857,366	2,968,028
Recreation	-	-	2,229,514	2,195,258	2,229,514	2,195,258
Farmers market	-	-	471,484	426,141	471,484	426,141
Total expenses	58,751,339	57,178,157	29,216,955	28,150,163	87,968,294	85,328,320
Change in net position, before transfers	10,539,336	4,875,937	3,769,258	4,019,219	14,308,594	8,895,156
Transfers	2,380,968	(360,071)	(2,380,968)	360,071	-	-
Change in net position	12,920,304	4,515,866	1,388,290	4,379,290	14,308,594	8,895,156
Net position:						
Beginning of year	148,981,199	144,465,333	94,676,905	90,297,615	243,658,104	234,762,948
Restatement for implementation of GASB 68	(58,930,427)	-	(4,294,322)	-	(63,224,749)	-
End of year	\$ 102,971,076	\$ 148,981,199	\$ 91,770,873	\$ 94,676,905	\$ 194,741,949	\$ 243,658,104

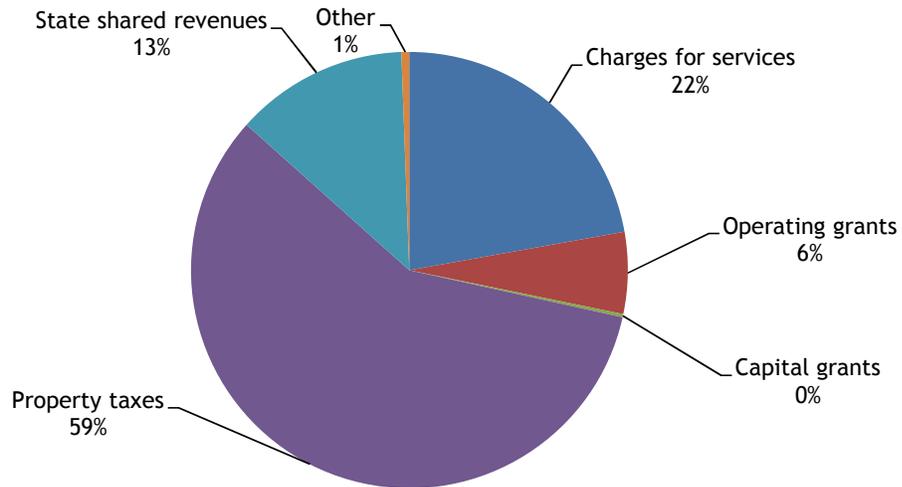
CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Expenses and Program Revenues - Governmental Activities



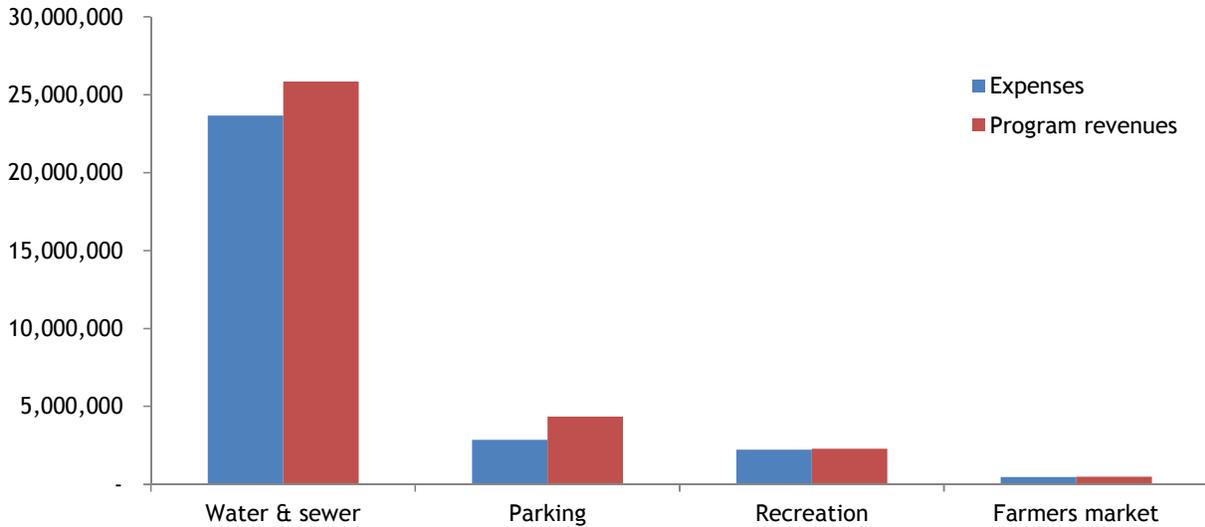
Revenues by Source - Governmental Activities



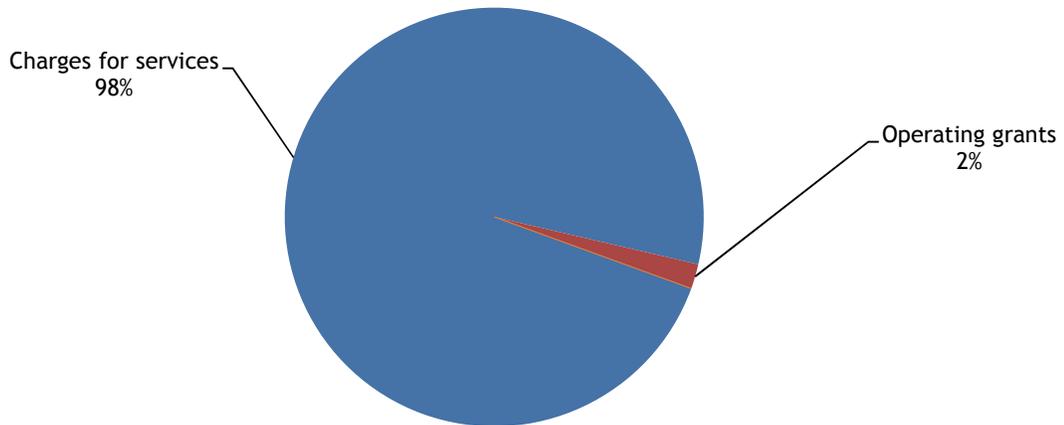
CITY OF ROYAL OAK, MICHIGAN

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 \$41,057,220, an increase of \$6,208,490 in comparison with the prior year. Approximately 32 percent (\$13,085,091) of this total amount constitutes unassigned fund balance in the general fund, which is available for spending at the government's discretion, within allowable use. The remainder of fund balance is nonspendable such as inventories (\$171,509) and an endowment (\$1,000), restricted due to restraints of the fund (\$22,379,192) or assigned for eligible retirement bank payouts (\$462,000), OPEB recovery contributions (\$2,630,000) and public safety (\$2,317,454).

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 \$13,085,091 while total fund balance was \$16,956,747. 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 43 percent of total general fund expenditures and transfers out, while total fund balance represents 56 percent of general fund expenditures and transfers out. Since the creation of the public safety fund the City considers the combined unassigned fund balance. At fiscal year end it was 32 percent and falling based on future budget projections.

The fund balance of the City's general fund increased by \$2,307,631 during the current fiscal year. The original budget included an \$863,660 use of fund balance. However, higher tax revenue, court fines, and licenses and permits along with lower than budgeted personnel expenditures contributed to the surplus.

The public safety fund was created in fiscal year 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, and levied the full millage for the first time, attributing to an increase of \$1,257,527 in tax revenue. The original budget planned to use \$909,600 of fund balance. The fund realized a decrease in fund balance of (\$-784,373) due to lower personnel benefit expenditures (relative to budget), higher tax revenue.

The solid waste fund has a total fund balance of \$6,608,611, 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 \$3,828. A \$659,620 use of fund balance was originally budgeted, however, personnel and regular collection service costs were lower than anticipated.

The city capital projects fund was added as a major fund this year due to the performance of increase local street capital improvements (expenditures) in response to the recent passage of a local street millage providing an increase of over \$5 million in revenue.

General Fund Budgetary Highlights

Revenues in the general fund were \$143,472 over the final budget and \$1,086,472 over the original budget. The increase is mostly attributed to an over budget of property tax revenue, cable franchise revenue, landlord licenses, and court fines. Expenditures in the general fund were \$1,482,588 less than the amended budget and \$1,744,188 less than the original budget mostly due to personnel savings, contracted services savings and some capital projects not being performed. Transfers out to the public safety fund decreased by \$600,000 due to personnel savings, some of which was due to vacancies. Transfers out to capital projects increased \$281,245 to finance the special assessment sidewalk program.

Financial Analysis of the Business-type Funds

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

Unrestricted net position of the water and sewer system at the end of the year amounted to \$5,647,335. The total increase in net position for water and sewer was \$515,522, as compared to a \$3,796,433 increase in the previous year. This increase in net position this year was mostly due an increase in revenue related to charges for services.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Unrestricted net position for the auto parking system fund amounted to \$4,590,071. The total increase in net position for this fund was \$452,393 mostly due an increase in revenue related to charges for services and a decrease in operating expenses.

The total of the nonmajor enterprise funds unrestricted net position decreased by (\$-317,079). The ice arena fund has unrestricted net position of \$232,954, an improvement from last year's \$111,583 unrestricted net position. The arts, beats, & eats, recreation and farmers market unrestricted net position increased mostly due to increases in cash and investments based on operating revenue.

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, 2015, amounts to \$260,082,974 (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 2 percent and mostly due to construction in process.

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

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 66,774,752	\$ 66,774,752	\$ 9,958,656	\$ 9,958,656	\$ 76,733,408	\$ 76,733,408
Buildings	16,286,499	16,899,053	16,382,777	17,071,977	32,669,276	33,971,030
Improvements other than buildings	719,737	762,403	60,237	66,546	779,974	828,949
Machinery and equipment	10,563,540	9,910,428	181,239	109,366	10,744,779	10,019,794
Infrastructure	40,809,895	41,659,827	82,032,691	83,183,181	122,842,586	124,843,008
Intangibles	-	-	-	-	-	-
Construction in progress	9,707,358	4,358,649	6,605,593	4,736,004	16,312,951	9,094,653
Total	\$ 144,861,781	\$ 140,365,112	\$ 115,221,193	\$ 115,125,730	\$ 260,082,974	\$ 255,490,842

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 \$57,841,651. Of this amount, \$24,009,000 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 \$3,975,000 of unlimited general obligation debt. Another \$4,757,387 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 \$2,335,438 with the remainder being paid from receipts of the other five communities. Another \$19,763,048 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.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Limited general obligation bonds	\$ 8,534,000	\$ 9,707,000	\$ 15,475,000	\$ 16,360,000	\$ 24,009,000	\$ 26,067,000
Unlimited general obligation bonds	3,975,000	4,475,000	-	-	3,975,000	4,475,000
State revolving fund	-	-	4,757,387	5,497,387	4,757,387	5,497,387
Contractual obligations	-	-	19,763,048	21,778,969	19,763,048	21,778,969
Compensated absences	3,550,106	3,391,349	276,058	250,033	3,826,164	3,641,382
General liability claims	609,590	666,930	-	-	609,590	666,930
Workers compensation claims	1,015,259	617,272	-	-	1,015,259	617,272
Less: unamortized discount and premium	125,354	120,563	(239,151)	(259,556)	(113,797)	(138,993)
Total	\$ 17,809,309	\$ 18,978,114	\$ 40,032,342	\$ 43,626,833	\$ 57,841,651	\$ 62,604,947

The City's total debt decreased by \$4,763,296 (8 percent) during the current fiscal year, mostly due to reductions in principal of bonds and contractual obligations.

The City's bond ratings are as follows:

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

The underlying rating reflects the City's own credit quality. Standard & Poor's raised the City's underlying rating in December 2013 from AA to AA+ stable based on the City's strong economy, budgetary flexibility, budgetary performance, very strong liquidity, very strong management and strong debt capacity and contingent liabilities position.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation, however the city charter limits it to 5 percent. The current legal debt limitation for the city is \$125,280,227 (5 percent of \$2,505,604,540 assessed valuation). As of June 30, 2015, the City's general obligation debt amounts to 17.93 percent of the legal debt limit.

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 \$13,085,091 mostly due to the levy of the public safety millage again providing relief to the general fund. The City's original budget forecast demonstrates the continued decline of fund balance, however, with the recent contribution to fund balance, the general fund will be in its target range in fiscal years 2016 and 2017. Due to the passage of a 2.5 mills road millage on November 4, 2014, the City will levy and collect \$5.3 million in fiscal year 2016.

For the fiscal year, the quarterly water and sewer rates are \$98.76 per 1,000 cubic feet for the first 2,000 cubic feet and \$113.25 for every 1,000 cubic feet thereafter. In addition, all customers pay a \$10.75 flat fee per billing period. The water and sewer rates increased by 4 percent and 2.5 percent respectively, passing along Southeastern Oakland County Water Authority ("SOCWA") and Oakland County Water Resource Commission rate increases. The flat rate fee increased 4.8 percent to \$10.75 to recoup the City's water billing costs.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Now that the public safety funding and street improvements funding concerns have been tentatively resolved, the City administration and legislative body are focused on resolution to the City's legacy cost funding concerns. The City Commission placed a five year, 2.5 mills ballot proposal on the November 4, 2014 election, which passed. The millage will generate nearly \$5.3 million in fiscal year 2016. This millage revenue, along with future Act 51 monies are anticipated to resolve the City's current road maintenance and repair funding shortfalls. The combined unfunded liability of the City's pension and retiree healthcare obligations amount to nearly \$187,000,000 based on the latest actuarial valuations. The City has been working on making changes to reduce the cost of benefits and the City commission has published a notice of intent to bond for up to \$165,000,000 of the pension and OPEB underfunded liability.

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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 68,943,179	\$ 12,020,997	\$ 80,964,176	\$ 1,978,748
Receivables, net	8,528,968	10,349,803	18,878,771	28,737
Deposits and other assets	1,087,824	-	1,087,824	50,000
Internal balances	(2,603,061)	2,603,061	-	-
Inventories	412,908	187,870	600,778	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets not being depreciated	76,482,110	16,564,249	93,046,359	2,895,755
Capital assets being depreciated, net	68,379,671	98,656,944	167,036,615	1,024,434
Total assets	221,232,599	140,382,924	361,615,523	5,977,674
Deferred outflows of resources				
Deferred charge on refunding	113,580	223,855	337,435	-
Deferred pension amounts	5,088,238	370,787	5,459,025	20,250
Total deferred outflows of resources	5,201,818	594,642	5,796,460	20,250
Liabilities				
Accounts payable	3,572,947	1,695,442	5,268,389	76,762
Accrued and other liabilities	2,260,021	406,708	2,666,729	3,136
Cash bonds and deposits	2,791,031	12,391	2,803,422	-
Unearned revenue	3,778,777	22,356	3,801,133	-
Long-term debt:				
Due within one year	4,355,417	3,873,082	8,228,499	8,000
Due in more than one year	13,453,892	36,159,260	49,613,152	7,327
Net pension liability	64,777,453	4,720,403	69,497,856	257,794
Net other postemployment benefits obligation	28,473,803	2,317,051	30,790,854	131,133
Total liabilities	123,463,341	49,206,693	172,670,034	484,152
Net position				
Net investment in capital assets	132,341,007	78,110,713	210,451,720	3,920,189
Restricted for:				
Public, Educational, and Government Access ("PEG") fees	768,682	-	768,682	-
Highways and streets	6,566,104	-	6,566,104	-
Solid waste	6,608,611	-	6,608,611	-
Recreation and culture	2,194,288	-	2,194,288	-
Public safety	4,799,624	-	4,799,624	-
Grants	859,748	-	859,748	-
Debt service	109,435	-	109,435	-
Capital projects	633,802	-	633,802	-
Permanent fund:				
Spendable	10,407	-	10,407	-
Nonspendable	1,000	-	1,000	-
Unrestricted (deficit)	(51,921,632)	13,660,160	(38,261,472)	1,593,583
Total net position	\$ 102,971,076	\$ 91,770,873	\$ 194,741,949	\$ 5,513,772

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, 2015

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	\$ 9,017,535	\$ 5,862,692	\$ 72,819	\$ -	\$ (3,082,024)
Public safety	29,965,336	4,563,491	1,594,438	36,296	(23,771,111)
Public works	13,295,707	1,802,601	571,579	125,967	(10,795,560)
Health and welfare	834,244	891,010	-	-	56,766
Community and economic development	1,444,432	380,257	1,524,046	-	459,871
Recreation and culture	3,762,240	2,031,676	469,456	-	(1,261,108)
Interest on long-term debt	431,845	-	-	-	(431,845)
Total governmental activities	58,751,339	15,531,727	4,232,338	162,263	(38,825,011)
Business-type activities:					
Water and sewer	23,658,591	25,772,888	65,269	-	2,179,566
Parking	2,857,366	3,806,662	546,876	-	1,496,172
Recreation	2,229,514	2,275,535	15,852	-	61,873
Farmers market	471,484	495,244	7,615	-	31,375
Total business-type activities	29,216,955	32,350,329	635,612	-	3,768,986
Total primary government	\$ 87,968,294	\$ 47,882,056	\$ 4,867,950	\$ 162,263	\$ (35,056,025)
Component units					
Tax Increment Financing Authority	\$ 2,521,808	\$ -	\$ 128,225	\$ -	\$ (2,393,583)
Downtown Development Authority	40,477	-	-	-	(40,477)
Brownfield Redevelopment Authority	44,224	-	-	-	(44,224)
Total component units	\$ 2,606,509	\$ -	\$ 128,225	\$ -	\$ (2,478,284)

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (38,825,011)	\$ 3,768,986	\$ (35,056,025)	\$ (2,478,284)
General revenues:				
Property taxes	39,990,264	-	39,990,264	3,222,676
Unrestricted state shared revenues	8,953,377	-	8,953,377	-
Unrestricted investment earnings	72,513	-	72,513	10,811
Gain on sale of capital assets	31,381	272	31,653	-
Miscellaneous	316,812	-	316,812	8,535
Transfers	2,380,968	(2,380,968)	-	-
Total general revenues and transfers	51,745,315	(2,380,696)	49,364,619	3,242,022
Change in net position	12,920,304	1,388,290	14,308,594	763,738
Net position, beginning of year, as restated	90,050,772	90,382,583	180,433,355	4,750,034
Net position, end of year	\$ 102,971,076	\$ 91,770,873	\$ 194,741,949	\$ 5,513,772

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2015

	General	Public Safety	Solid Waste	Community Development Block Grant	City Capital Projects
Assets					
Cash and investments	\$ 19,015,689	\$ 3,139,082	\$ 6,141,025	\$ -	\$ 3,315,038
Receivables, net	122,890	164,339	23,733	3,727,609	762,498
Due from other governmental units	833,857	2,941	812,412	505,449	-
Due from other funds	414,134	-	-	-	-
Prepaid items	10,974	-	-	-	-
Inventories	-	-	-	-	-
Restricted assets, cash	-	-	-	-	-
Total assets	\$ 20,397,544	\$ 3,306,362	\$ 6,977,170	\$ 4,233,058	\$ 4,077,536
Liabilities					
Accounts payable	\$ 401,181	\$ 111,302	\$ 338,791	\$ 82,822	\$ 2,318,714
Accrued and other liabilities	226,437	870,974	21,581	8,493	376,668
Due to other funds	-	-	-	414,134	-
Cash bonds and deposits	2,790,481	-	-	-	-
Unearned revenue	-	-	-	3,727,609	-
Total liabilities	3,418,099	982,276	360,372	4,233,058	2,695,382
Deferred inflows of resources					
Unavailable revenue - property taxes and special assessments	22,698	6,632	8,187	-	761,352
Fund balances					
Nonspendable:					
Prepays	10,974	-	-	-	-
Inventories	-	-	-	-	-
Endowment	-	-	-	-	-
Restricted:					
PEG fees	768,682	-	-	-	-
Highways and streets	-	-	-	-	-
Solid waste	-	-	6,608,611	-	-
Recreation and culture	-	-	-	-	-
Public safety	-	-	-	-	-
Grants	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	620,802
Permanent fund	-	-	-	-	-
Assigned:					
Eligible retiree bank payouts	462,000	-	-	-	-
OPEB contribution recovery	2,630,000	-	-	-	-
Public safety	-	2,317,454	-	-	-
Unassigned	13,085,091	-	-	-	-
Total fund balances	16,956,747	2,317,454	6,608,611	-	620,802
Total liabilities, deferred inflows of resources and fund balances	\$ 20,397,544	\$ 3,306,362	\$ 6,977,170	\$ 4,233,058	\$ 4,077,536

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 13,645,941	\$ 45,256,775
664,352	5,465,421
867,936	3,022,595
-	414,134
-	10,974
171,509	171,509
1,000	1,000
<u>\$ 15,350,738</u>	<u>\$ 54,342,408</u>
\$ 128,004	\$ 3,380,814
99,967	1,604,120
-	414,134
550	2,791,031
51,168	3,778,777
<u>279,689</u>	<u>11,968,876</u>
<u>517,443</u>	<u>1,316,312</u>
-	10,974
171,509	171,509
1,000	1,000
-	768,682
6,394,595	6,394,595
-	6,608,611
2,194,288	2,194,288
4,799,624	4,799,624
859,748	859,748
109,435	109,435
13,000	633,802
10,407	10,407
-	462,000
-	2,630,000
-	2,317,454
-	13,085,091
<u>14,553,606</u>	<u>41,057,220</u>
<u>\$ 15,350,738</u>	<u>\$ 54,342,408</u>



CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2015

Fund balances for governmental funds	\$ 41,057,220
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	139,358,382
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	1,316,312
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	20,950,196
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	(77,125)
Bonds payable	(10,909,000)
Unamortized bond discounts	74,027
Unamortized bond premiums	(202,612)
Deferred loss on refunding	113,580
Other postemployment benefit obligation	(27,409,524)
Compensated absences	(3,427,113)
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(62,806,703)
Deferred outflows related to the net pension liability	4,933,436
Net position of governmental activities	<u>\$ 102,971,076</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, 2015

	General	Public Safety	Solid Waste	Community Development Block Grant	City Capital Projects
Revenues					
Taxes	\$ 17,226,146	\$ 8,527,308	\$ 6,477,598	\$ -	\$ -
Licenses and permits	1,997,469	9,486	-	-	-
Federal grants	-	-	813,589	972,295	-
State grants	5,101,043	-	-	-	-
Charges for services	2,405,701	1,221,077	1,209	380,257	1,283,796
Fines and forfeitures	4,433,144	-	-	-	-
Interest and rentals	282,057	13,553	28,300	-	24,741
Contributions and donations	-	375,000	-	-	27,052
Other revenue	316,812	54,429	57,862	12,324	6,884
Total revenues	31,762,372	10,200,853	7,378,558	1,364,876	1,342,473
Expenditures					
Current:					
General government	8,731,011	-	-	-	-
Public safety	463,401	28,126,726	-	-	-
Public works	1,197,907	-	7,369,730	-	6,720,327
Health and welfare	-	858,501	-	-	-
Community and economic development	432,590	-	-	984,177	-
Recreation and culture	1,011,463	-	-	-	-
Debt service:					
Principal payments	-	-	-	-	226,000
Interest and paying agent fees	-	-	-	-	13,993
Bond issuance costs	-	-	-	-	-
Total expenditures	11,836,372	28,985,227	7,369,730	984,177	6,960,320
Revenues over (under) expenditures	19,926,000	(18,784,374)	8,828	380,699	(5,617,847)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	1,057,823	18,000,000	-	-	5,645,450
Transfers out	(18,676,245)	-	(5,000)	(380,699)	-
Proceeds from sale of capital assets	53	-	-	-	-
Total other financing sources (uses)	(17,618,369)	18,000,000	(5,000)	(380,699)	5,645,450
Net change in fund balances	2,307,631	(784,374)	3,828	-	27,603
Fund balances, beginning of year	14,649,116	3,101,828	6,604,783	-	593,199
Fund balances, end of year	\$ 16,956,747	\$ 2,317,454	\$ 6,608,611	\$ -	\$ 620,802

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 8,096,833	\$ 40,327,885
3,339,561	5,346,516
54,162	1,840,046
4,574,126	9,675,169
314,614	5,606,654
113,485	4,546,629
116,779	465,430
870,036	1,272,088
135,138	583,449
<u>17,614,734</u>	<u>69,663,866</u>
74,136	8,805,147
1,757,399	30,347,526
3,539,313	18,827,277
-	858,501
-	1,416,767
2,803,737	3,815,200
1,130,000	1,356,000
387,711	401,704
32,838	32,838
<u>9,725,134</u>	<u>65,860,960</u>
<u>7,889,600</u>	<u>3,802,906</u>
2,053,000	2,053,000
(2,020,162)	(2,020,162)
582,764	25,286,037
(3,851,400)	(22,913,344)
-	53
<u>(3,235,798)</u>	<u>2,405,584</u>
4,653,802	6,208,490
9,899,804	34,848,730
<u>\$ 14,553,606</u>	<u>\$ 41,057,220</u>



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, 2015

Net change in fund balances - total governmental funds	\$ 6,208,490
Amounts reported for <i>governmental activities</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 assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	6,854,341
Depreciation expense	(2,391,611)
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	(337,621)
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	(2,053,000)
Payment to refunded bond escrow agent	2,020,162
Principal payments on long-term liabilities	1,356,000
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	11,404
Amortization of bond discount	(8,708)
Amortization of bond premium	32,856
Amortization of deferred loss on refunding	(13,580)
Change in the net pension liability and related deferred amounts	(735,703)
Change in other postemployment benefit obligation	(17,776)
Change in compensated absences	(172,619)
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	2,206,126
Interest expense from governmental activities in internal service funds	(78,060)
Gain on sale of capital assets from governmental activities in internal service funds	31,328
Transfers in from governmental activities in internal service funds	8,275
Change in net position of governmental activities	<u>\$ 12,920,304</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 Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 16,892,540	\$ 17,295,540	\$ 17,226,146	\$ (69,394)
Licenses and permits	1,604,000	1,764,000	1,997,469	233,469
State grants	5,206,560	5,206,560	5,101,043	(105,517)
Charges for services	2,381,070	2,381,070	2,405,701	24,631
Fines and forfeitures	4,047,000	4,397,000	4,433,144	36,144
Interest and rentals	272,930	272,930	282,057	9,127
Other revenue	271,800	301,800	316,812	15,012
Total revenues	30,675,900	31,618,900	31,762,372	143,472
Expenditures				
Current:				
General government	9,971,760	9,651,160	8,731,011	(920,149)
Public safety	677,740	677,740	463,401	(214,339)
Public works	1,328,400	1,328,400	1,197,907	(130,493)
Community and economic development	505,960	497,960	432,590	(65,370)
Recreation and culture	1,096,700	1,163,700	1,011,463	(152,237)
Total expenditures	13,580,560	13,318,960	11,836,372	(1,482,588)
Revenues over expenditures	17,095,340	18,299,940	19,926,000	1,626,060
Other financing sources (uses)				
Transfers in	1,026,000	1,026,000	1,057,823	31,823
Transfers out	(18,985,000)	(19,234,300)	(18,676,245)	(558,055)
Proceeds from sale of fixed assets	-	-	53	(53)
Total other financing sources (uses)	(17,959,000)	(18,208,300)	(17,618,369)	589,931
Net change in fund balance	(863,660)	91,640	2,307,631	2,215,991
Fund balance, beginning of year	14,649,116	14,649,116	14,649,116	-
Fund balance, end of year	\$ 13,785,456	\$ 14,740,756	\$ 16,956,747	\$ 2,215,991

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 Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 8,407,000	\$ 8,524,000	\$ 8,527,308	\$ 3,308
Licenses and permits	5,000	5,000	9,486	4,486
Charges for services	1,250,520	1,250,520	1,221,077	(29,443)
Interest and rentals	12,000	12,000	13,553	1,553
Contributions and donations	375,000	375,000	375,000	-
Other revenue	20,000	50,000	54,429	4,429
Total revenues	10,069,520	10,216,520	10,200,853	(15,667)
Expenditures				
Current:				
Public safety	28,759,570	28,173,420	28,126,726	(46,694)
Health and welfare	819,550	890,700	858,501	(32,199)
Total expenditures	29,579,120	29,064,120	28,985,227	(78,893)
Revenues over (under) expenditures	(19,509,600)	(18,847,600)	(18,784,374)	63,226
Other financing sources				
Transfers in	18,600,000	18,000,000	18,000,000	-
Net change in fund balance	(909,600)	(847,600)	(784,374)	63,226
Fund balance, beginning of year	3,101,828	3,101,828	3,101,828	-
Fund balance, end of year	\$ 2,192,228	\$ 2,254,228	\$ 2,317,454	\$ 63,226

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 6,372,000	\$ 6,472,000	\$ 6,477,598	\$ 5,598
Federal grants	-	-	813,589	813,589
Charges for services	2,800	2,800	1,209	(1,591)
Interest and rentals	22,500	22,500	28,300	5,800
Other revenue	40,000	854,000	57,862	(796,138)
Total revenues	6,437,300	7,351,300	7,378,558	27,258
Expenditures				
Current -				
Public works	7,091,920	7,566,920	7,369,730	(197,190)
Revenues over (under) expenditures	(654,620)	(215,620)	8,828	224,448
Other financing uses				
Transfers out	(5,000)	(5,000)	(5,000)	-
Net change in fund balance	(659,620)	(220,620)	3,828	224,448
Fund balance, beginning of year	6,604,783	6,604,783	6,604,783	-
Fund balance, end of year	\$ 5,945,163	\$ 6,384,163	\$ 6,608,611	\$ 224,448

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 Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 1,097,570	\$ 1,097,570	\$ 972,295	\$ (125,275)
Charges for services	300,000	400,000	380,257	(19,743)
Other revenue	460,000	460,000	12,324	(447,676)
Total revenues	1,857,570	1,957,570	1,364,876	(592,694)
Expenditures				
Current -				
Community and economic development	1,293,210	1,039,000	984,177	(54,823)
Revenues over (under) expenditures	564,360	918,570	380,699	(537,871)
Other financing uses				
Transfers out	(564,360)	(918,570)	(380,699)	(537,871)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 4,433,835	\$ 6,125,706	\$ 1,461,456	\$ 12,020,997	\$ 23,686,404
Receivables, net	7,390,809	18,962	67,186	7,476,957	40,952
Prepaid items	-	-	-	-	1,076,850
Inventories	182,570	5,300	-	187,870	241,399
Total current assets	<u>12,007,214</u>	<u>6,149,968</u>	<u>1,528,642</u>	<u>19,685,824</u>	<u>25,045,605</u>
Noncurrent assets:					
Receivables, net	2,421,949	-	-	2,421,949	-
Due from other governmental units	450,897	-	-	450,897	-
Capital assets	127,571,034	31,823,618	12,220,915	171,615,567	19,231,763
Accumulated depreciation	(39,993,621)	(11,111,007)	(5,289,746)	(56,394,374)	(13,728,364)
Total noncurrent assets	<u>90,450,259</u>	<u>20,712,611</u>	<u>6,931,169</u>	<u>118,094,039</u>	<u>5,503,399</u>
Total assets	<u>102,457,473</u>	<u>26,862,579</u>	<u>8,459,811</u>	<u>137,779,863</u>	<u>30,549,004</u>
Deferred outflows of resources					
Deferred charge on refunding	-	223,855	-	223,855	-
Deferred pension amounts	268,866	72,192	29,729	370,787	154,802
Total deferred outflows of resources	<u>268,866</u>	<u>296,047</u>	<u>29,729</u>	<u>594,642</u>	<u>154,802</u>
Liabilities					
Current liabilities:					
Accounts payable	1,525,711	58,577	111,154	1,695,442	192,133
Accrued and other liabilities	258,951	137,462	10,295	406,708	578,776
Cash bonds and deposits	450	11,941	-	12,391	-
Unearned revenue	-	-	22,356	22,356	-
Bonds payable, due within one year	3,153,801	581,281	-	3,735,082	320,000
Other long-term liabilities, current	-	-	-	-	812,424
Compensated absences, current	96,498	29,762	11,740	138,000	62,125
Total current liabilities	<u>5,035,411</u>	<u>819,023</u>	<u>155,545</u>	<u>6,009,979</u>	<u>1,965,458</u>
Noncurrent liabilities:					
Bonds payable	26,694,009	9,327,193	-	36,021,202	1,276,769
Other long-term liabilities	-	-	-	-	812,425
Accrued compensated absences	96,540	29,774	11,744	138,058	60,868
Net pension liability	3,422,887	919,056	378,460	4,720,403	1,970,750
Other postemployment benefit obligation	1,678,605	445,517	192,929	2,317,051	1,064,279
Total noncurrent liabilities	<u>31,892,041</u>	<u>10,721,540</u>	<u>583,133</u>	<u>43,196,714</u>	<u>5,185,091</u>
Total liabilities	<u>36,927,452</u>	<u>11,540,563</u>	<u>738,678</u>	<u>49,206,693</u>	<u>7,150,549</u>
Net position					
Net investment in capital assets	60,151,552	11,027,992	6,931,169	78,110,713	3,906,630
Unrestricted	5,647,335	4,590,071	819,693	11,057,099	19,646,627
Total net position	<u>\$ 65,798,887</u>	<u>\$ 15,618,063</u>	<u>\$ 7,750,862</u>	<u>\$ 89,167,812</u>	<u>\$ 23,553,257</u>

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, 2015

Net position - total enterprise funds \$ 89,167,812

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

2,603,061

Net position of business-type activities

\$ 91,770,873

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, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Internal Service Funds	
Operating revenues					
Charges for services	\$ 25,772,888	\$ 3,806,662	\$ 2,770,779	\$ 32,350,329	\$ 17,626,188
Other	52,487	6,516	15,292	74,295	126,908
Total operating revenues	25,825,375	3,813,178	2,786,071	32,424,624	17,753,096
Operating expenses					
Salaries and benefits	2,675,437	799,974	411,640	3,887,051	10,911,692
Supplies	438,133	132,022	102,843	672,998	935,006
Water purchases	3,592,938	-	-	3,592,938	-
Sewage disposal services	11,785,259	-	-	11,785,259	-
Other services and charges	1,834,022	877,879	1,918,747	4,630,648	2,392,536
Depreciation	2,753,656	526,930	279,933	3,560,519	914,580
Total operating expenses	23,079,445	2,336,805	2,713,163	28,129,413	15,153,814
Operating income	2,745,930	1,476,373	72,908	4,295,211	2,599,282
Nonoperating revenues (expenses)					
Federal grants	-	-	2,544	2,544	-
Interest income	12,782	47,779	5,631	66,192	-
Contributions and donations	-	492,581	-	492,581	-
Interest expense	(917,605)	(563,093)	-	(1,480,698)	(78,060)
Gain on sale of capital assets	-	-	272	272	31,328
Total nonoperating revenues (expenses)	(904,823)	(22,733)	8,447	(919,109)	(46,732)
Income before transfers	1,841,107	1,453,640	81,355	3,376,102	2,552,550
Transfers					
Transfers in	3,035,600	551,938	-	3,587,538	35,000
Transfers out	(4,361,185)	(1,553,185)	(54,136)	(5,968,506)	(26,725)
Net transfers	(1,325,585)	(1,001,247)	(54,136)	(2,380,968)	8,275
Change in net position	515,522	452,393	27,219	995,134	2,560,825
Net position, beginning of year, as restated	65,283,365	15,165,670	7,723,643	88,172,678	20,992,432
Net position, end of year	\$ 65,798,887	\$ 15,618,063	\$ 7,750,862	\$ 89,167,812	\$ 23,553,257

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, 2015

Change in net position - total enterprise funds	\$ 995,134
Amounts reported for <i>business-type activities</i> 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 from business-type activities accounted for in governmental-type internal service funds	<u>393,156</u>
Change in net position of business-type activities	<u><u>\$ 1,388,290</u></u>

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, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 25,517,291	\$ 3,801,600	\$ 2,828,794	\$ 32,147,685	\$ -
Internal activity - receipts from other funds	-	-	-	-	17,626,188
Other operating receipts	52,487	6,516	15,292	74,295	126,908
Payments to vendors	(18,487,081)	(1,042,396)	(2,011,328)	(21,540,805)	(2,936,554)
Payments to employees	(2,635,348)	(774,403)	(404,816)	(3,814,567)	(10,291,566)
Net cash provided by operating activities	<u>4,447,349</u>	<u>1,991,317</u>	<u>427,942</u>	<u>6,866,608</u>	<u>4,524,976</u>
Cash flows from noncapital financing activities					
Federal operating grants	-	-	2,544	2,544	-
Contributions and donations	-	492,581	-	492,581	-
Transfers from other funds	3,035,600	551,938	-	3,587,538	35,000
Transfers to other funds	(4,361,185)	(1,553,185)	(54,136)	(5,968,506)	(26,725)
Net cash provided by (used in) noncapital financing activities	<u>(1,325,585)</u>	<u>(508,666)</u>	<u>(51,592)</u>	<u>(1,885,843)</u>	<u>8,275</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	(3,104,046)	(551,938)	-	(3,655,984)	(948,519)
Principal paid on capital debt	(3,075,921)	(565,000)	-	(3,640,921)	(390,000)
Interest paid on capital debt	(910,921)	(528,711)	-	(1,439,632)	(77,786)
Proceeds from sale of capital assets	-	-	272	272	31,328
Net cash provided by (used in) capital and related financing activities	<u>(7,090,888)</u>	<u>(1,645,649)</u>	<u>272</u>	<u>(8,736,265)</u>	<u>(1,384,977)</u>
Cash flows from investing activities					
Interest received on investments	<u>12,782</u>	<u>47,779</u>	<u>5,631</u>	<u>66,192</u>	<u>-</u>
Net change in cash and investments	<u>(3,956,342)</u>	<u>(115,219)</u>	<u>382,253</u>	<u>(3,689,308)</u>	<u>3,148,274</u>
Cash and investments balances, beginning of year	<u>8,390,177</u>	<u>6,240,925</u>	<u>1,079,203</u>	<u>15,710,305</u>	<u>20,538,130</u>
Cash and investments balances, end of year	<u>\$ 4,433,835</u>	<u>\$ 6,125,706</u>	<u>\$ 1,461,456</u>	<u>\$ 12,020,997</u>	<u>\$ 23,686,404</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 2,745,930	\$ 1,476,373	\$ 72,908	\$ 4,295,211	\$ 2,599,282
Adjustments to reconcile operating income to net cash provided by operating activities -					
Depreciation	2,753,656	526,930	279,933	3,560,519	914,580
Changes in assets and liabilities:					
Receivables, net	(650,177)	(5,062)	59,321	(595,918)	(14,597)
Prepaid items	-	-	-	-	384,045
Inventories	(26,178)	42,309	-	16,131	6,023
Long-term receivables	376,728	-	-	376,728	-
Due from other governmental units	17,852	-	-	17,852	-
Accounts payable	(810,551)	(74,804)	10,134	(875,221)	72,857
Accrued and other liabilities	(13,368)	1,707	1,361	(10,300)	212,265
Other long-term liabilities	-	-	-	-	340,647
Unearned revenue	-	-	(1,306)	(1,306)	-
Accrued compensated absences	12,203	12,792	1,030	26,025	(13,862)
Net pension liability and deferred amounts	40,100	10,765	4,433	55,298	23,083
Other postemployment benefits obligation	1,154	307	128	1,589	653
Net cash provided by operating activities	<u>\$ 4,447,349</u>	<u>\$ 1,991,317</u>	<u>\$ 427,942</u>	<u>\$ 6,866,608</u>	<u>\$ 4,524,976</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, 2015

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 251,403	\$ 523,014
Retirement investments, at fair value		
Mutual funds	148,136,349	-
Receivables, net	66,640	-
	<u>148,454,392</u>	<u>523,014</u>
Total assets	<u>148,454,392</u>	<u>\$ 523,014</u>
Liabilities		
Accounts payable	97,383	-
Undistributed receipts	-	179,232
Accrued and other liabilities	21,227	-
Due to other governmental units	-	380
Bonds and deposits	-	343,402
	<u>118,610</u>	<u>523,014</u>
Total liabilities	<u>118,610</u>	<u>\$ 523,014</u>
Net position		
Restricted for pension and other postemployment benefits	<u>\$ 148,335,782</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, 2015

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer	\$ 18,010,849
Plan members	885,068
Plan members' buybacks	96,717
Total contributions	<u>18,992,634</u>
Investment earnings:	
Net change in fair value of investments	2,644,757
Interest	382,584
Dividends	2,162,620
Other investment revenues	32,531
Total investment gain	<u>5,222,492</u>
Less investment expenses	639,307
Net investment gain	<u>4,583,185</u>
Total additions	<u>23,575,819</u>
Deductions	
Benefits	22,338,099
Refund of contributions	794,246
Administrative expenses	88,633
Total deductions	<u>23,220,978</u>
Change in net position	354,841
Net position, beginning of year	<u>147,980,941</u>
Net position, end of year	<u><u>\$ 148,335,782</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, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 1,744,799	\$ 105,066	\$ 128,883	\$ 1,978,748
Receivables, net	28,004	491	242	28,737
Prepaid expenses	50,000	-	-	50,000
Capital assets not being depreciated	2,895,755	-	-	2,895,755
Capital assets being depreciated, net	1,024,434	-	-	1,024,434
Total assets	5,742,992	105,557	129,125	5,977,674
Deferred outflows of resources				
Deferred pension amounts	16,700	3,550	-	20,250
Liabilities				
Accounts payable	32,415	179	44,168	76,762
Accrued and other liabilities	2,568	568	-	3,136
Long-term debt:				
Due within one year	6,168	1,832	-	8,000
Due in more than one year	5,654	1,673	-	7,327
Net pension liability	212,607	45,187	-	257,794
Other postemployment benefit obligation	110,642	20,491	-	131,133
Total liabilities	370,054	69,930	44,168	484,152
Net position				
Net investment in capital assets	3,920,189	-	-	3,920,189
Unrestricted	1,469,449	39,177	84,957	1,593,583
Total net position	\$ 5,389,638	\$ 39,177	\$ 84,957	\$ 5,513,772

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

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Expenses				
Tax Increment Financing Authority	\$ 2,521,808	\$ -	\$ -	\$ 2,521,808
Downtown Development Authority	-	40,477	-	40,477
Brownfield Redevelopment Authority	-	-	44,224	44,224
Total expenses	2,521,808	40,477	44,224	2,606,509
Program revenues				
Operating grants and contributions	128,225	-	-	128,225
Net expense	(2,393,583)	(40,477)	(44,224)	(2,478,284)
General revenues				
Property taxes	3,156,828	50,741	15,107	3,222,676
Unrestricted investment earnings	9,642	551	618	10,811
Other revenue	8,535	-	-	8,535
Total general revenues	3,175,005	51,292	15,725	3,242,022
Change in net position	781,422	10,815	(28,499)	763,738
Net position, beginning of year, as restated	4,608,216	28,362	113,456	4,750,034
Net position, end of year	\$ 5,389,638	\$ 39,177	\$ 84,957	\$ 5,513,772

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.

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.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority ("BRA") is authorized by the state legislature, to help cleanup contaminated properties using property tax capture. The authority's governing body, which consists of nine 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, 2015, the City expensed approximately \$4,973,400 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, 2015, the City expensed approximately \$3,593,000 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.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to 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.

The *community development block grant fund* accounts for grants received from the U.S. Department of Housing and Urban Development.

The *capital projects fund* is 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

The government reports the following major proprietary funds:

The *water and 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.

The *capital projects fund* is 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.

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 the 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.

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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, no 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	40-50
Vehicles	3-10
Equipment	5-15
Intangibles	3-10

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plans as well as for the deferred loss on refunding. A deferred refunding loss 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 Balances

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, assigned, and finally unassigned fund balance.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 activity 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2015, the City incurred expenditures in certain budgeted funds which were in excess of the amount appropriated, as follows:

	Budget Appropriation	Actual Expenditure	Variance
Major streets fund			
Transfers out	\$ 511,500	\$ 1,703,035	1,191,535
Library Millage Fund			
Bond issuance costs	-	32,838	32,838
Payment to refunded bond escrow agent	-	2,020,162	2,020,162
Grants fund			
Public safety	219,290	221,758	2,468

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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	\$ 80,964,176	\$ 1,978,748	\$ 82,942,924
Restricted assets (endowments cash)	1,000	-	1,000
	<u>80,965,176</u>	<u>1,978,748</u>	<u>82,943,924</u>
Statement of Fiduciary Net Position			
Pension and OPEB trust funds:			
Cash and investments	251,403	-	251,403
Retirement investments	148,136,349	-	148,136,349
Agency funds			
Cash and investments	523,014	-	523,014
	<u>148,910,766</u>	<u>-</u>	<u>148,910,766</u>
Total	<u><u>\$ 229,875,942</u></u>	<u><u>\$ 1,978,748</u></u>	<u><u>\$ 231,854,690</u></u>
Deposits and investments			
Bank deposits (checking and savings accounts, certificates of deposit)			\$ 83,647,570
Investments:			
Mutual funds -			
Bond mutual funds			14,616,871
Equity mutual funds			88,354,111
Other mutual funds			45,231,287
Cash on hand			<u>4,851</u>
Total			<u><u>\$ 231,854,690</u></u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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’s weighted average maturity dates for bond mutual funds are disclosed below:

	Fair Value	Weighted Average Maturity (Years)
Bond mutual funds:		
SEI Emerging Markets Debt	\$ 9,221,780	9.26
SEI High Yield Bond A	<u>5,395,091</u>	6.33
Total	<u><u>\$ 14,616,871</u></u>	

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.

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, 2015, \$79,506,220 of the City’s bank balance of \$82,770,517 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. As of June 30, 2015, the City’s pooled investments consisted entirely of mutual funds totaling \$148,202,269. For investments, 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. The City’s investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2015, none of the City’s investments were exposed to risk since the securities are held in the City’s name by the counterparty.

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, 2015, 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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	\$ 462,980	\$ 9,983,068	\$ -	\$ 2,421,949
Loans	3,727,609	-	-	3,727,609
Taxes (current)	45,914	-	-	-
Taxes (delinquent)	40,904	-	48,226	-
Special assessments	1,272,112	-	-	1,035,171
Intergovernmental	3,022,595	450,897	-	450,897
Interest and other	125,211	18,911	3,771	-
Less: allowance for uncollectibles	(168,357)	(103,073)	(23,260)	-
	<u>\$ 8,528,968</u>	<u>\$ 10,349,803</u>	<u>\$ 28,737</u>	<u>\$ 7,635,626</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, was as follows:

	Due from Other Funds	Due to Other Funds
General	\$ 414,134	\$ -
Community development block grant	-	414,134
	<u>\$ 414,134</u>	<u>\$ 414,134</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$2,603,061. 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	Public Safety	City Capital Projects	Nonmajor Governmental Funds
General fund	\$ -	\$ 18,000,000	\$ 281,245	\$ 360,000
Solid waste fund	-	-	-	5,000
Community development block grant fund	-	-	380,699	-
City Capital Projects	-	-	-	-
Nonmajor governmental funds	57,823	-	54,007	152,032
Water and sewer fund	-	-	4,356,185	5,000
Automobile parking system fund	1,000,000	-	551,938	1,247
Nonmajor enterprise funds	-	-	21,376	32,760
Internal service funds	-	-	-	26,725
	<u>\$ 1,057,823</u>	<u>\$ 18,000,000</u>	<u>\$ 5,645,450</u>	<u>\$ 582,764</u>

Transfers Out	Transfers In			
	Water and Sewer Fund	Automobile Parking System	Internal Service Funds	Total
General fund	\$ -	\$ -	\$ 35,000	\$ 18,676,245
Solid waste fund	-	-	-	5,000
Community development block grant fund	-	-	-	380,699
Nonmajor governmental funds	3,035,600	551,938	-	3,851,400
Water and sewer fund	-	-	-	4,361,185
Automobile parking system fund	-	-	-	1,553,185
Nonmajor enterprise funds	-	-	-	54,136
Internal service funds	-	-	-	26,725
	<u>\$ 3,035,600</u>	<u>\$ 551,938</u>	<u>\$ 35,000</u>	<u>\$ 28,908,575</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

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	4,358,649	6,743,160	-	(1,394,451)	9,707,358
	<u>71,133,401</u>	<u>6,743,160</u>	<u>-</u>	<u>(1,394,451)</u>	<u>76,482,110</u>
Capital assets, being depreciated:					
Buildings	30,761,481	-	-	-	30,761,481
Improvements other than buildings	4,328,286	47,676	-	-	4,375,962
Machinery and equipment	21,220,922	1,012,024	(672,825)	414,076	21,974,197
Infrastructure	108,519,611	-	-	980,375	109,499,986
Intangibles	354,608	-	-	-	354,608
	<u>165,184,908</u>	<u>1,059,700</u>	<u>(672,825)</u>	<u>1,394,451</u>	<u>166,966,234</u>
Less accumulated depreciation for:					
Buildings	(13,862,428)	(612,554)	-	-	(14,474,982)
Improvements other than buildings	(3,565,883)	(90,342)	-	-	(3,656,225)
Machinery and equipment	(11,310,494)	(772,988)	672,825	-	(11,410,657)
Infrastructure	(66,859,784)	(1,830,307)	-	-	(68,690,091)
Intangibles	(354,608)	-	-	-	(354,608)
	<u>(95,953,197)</u>	<u>(3,306,191)</u>	<u>672,825</u>	<u>-</u>	<u>(98,586,563)</u>
Total capital assets being depreciated, net	<u>69,231,711</u>	<u>(2,246,491)</u>	<u>-</u>	<u>1,394,451</u>	<u>68,379,671</u>
Governmental activities capital assets, net	<u>\$ 140,365,112</u>	<u>\$ 4,496,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,861,781</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	\$ 9,958,656	\$ -	\$ -	\$ -	\$ 9,958,656
Construction in progress	4,736,004	3,549,730	-	(1,680,141)	6,605,593
	<u>14,694,660</u>	<u>3,549,730</u>	<u>-</u>	<u>(1,680,141)</u>	<u>16,564,249</u>
Capital assets, being depreciated:					
Buildings	30,428,365	-	-	-	30,428,365
Improvements other than buildings	302,575	-	-	-	302,575
Machinery and equipment	1,388,309	106,252	-	-	1,494,561
Infrastructure	121,145,676	-	-	1,680,141	122,825,817
	<u>153,264,925</u>	<u>106,252</u>	<u>-</u>	<u>1,680,141</u>	<u>155,051,318</u>
Less accumulated depreciation for:					
Buildings	(13,356,388)	(689,200)	-	-	(14,045,588)
Improvements other than buildings	(236,029)	(6,309)	-	-	(242,338)
Machinery and equipment	(1,278,943)	(34,379)	-	-	(1,313,322)
Infrastructure	(37,962,495)	(2,830,631)	-	-	(40,793,126)
	<u>(52,833,855)</u>	<u>(3,560,519)</u>	<u>-</u>	<u>-</u>	<u>(56,394,374)</u>
Total capital assets being depreciated, net	<u>100,431,070</u>	<u>(3,454,267)</u>	<u>-</u>	<u>1,680,141</u>	<u>98,656,944</u>
Business-type activities capital assets, net	<u>\$ 115,125,730</u>	<u>\$ 95,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,221,193</u>

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

Depreciation of governmental activities by function	
General government	\$ 335,768
Public safety	254,264
Public works	1,522,944
Health and welfare	4,339
Recreation and culture	274,296
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>914,580</u>
Total depreciation expense - governmental activities	<u>\$ 3,306,191</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function	
Water and sewer	\$ 2,753,656
Parking	526,930
Ice arena	122,224
Recreation	87,765
Farmers market	<u>69,944</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 3,560,519</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2015. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sidewalks	\$ 2,065,777	\$ 4,054,866
Street projects	2,571,386	6,555,721
Water projects	2,904,717	3,463,833
Sewer projects	277,963	1,134,145
Buildings	<u>100,030</u>	<u>9,295</u>
 Total	 <u><u>\$ 7,919,873</u></u>	 <u><u>\$ 15,217,860</u></u>

Oakland County has a major contract on the George W. Kuhn project. Of the amount spent to date, approximately \$38,620,000 is attributable to the City. During the 2015 fiscal year the City passed a road millage which provided additional funding for infrastructure related capital projects.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - TIFA				
Capital assets, not being depreciated -				
Land	\$ 2,895,755	\$ -	\$ -	\$ 2,895,755
Capital assets, being depreciated:				
Improvements other	1,609,877	-	-	1,609,877
than buildings	439,529	-	-	439,529
Infrastructure	2,049,406	-	-	2,049,406
Less accumulated depreciation for:				
Improvements other	(622,975)	(22,113)	-	(645,088)
than buildings	(294,153)	(85,731)	-	(379,884)
Infrastructure	(917,128)	(107,844)	-	(1,024,972)
Total capital assets				
being depreciated, net	1,132,278	(107,844)	-	1,024,434
Component unit - TIFA				
capital assets, net	\$ 4,028,033	\$ (107,844)	\$ -	\$ 3,920,189

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					
Bonds payable	\$ 14,182,000	\$ 2,053,000	\$ (3,726,000)	\$ 12,509,000	\$ 1,743,000
Unamortized discount	(121,544)	-	39,159	(82,385)	(9,375)
Unamortized premium	242,107	-	(34,368)	207,739	34,368
Compensated absences	3,391,349	2,287,556	(2,128,799)	3,550,106	1,775,000
General liability claims	666,930	318,043	(375,383)	609,590	304,795
Workers compensation	617,272	488,828	(90,841)	1,015,259	507,629
Total governmental activities	\$ 18,978,114	\$ 5,147,427	\$ (6,316,232)	\$ 17,809,309	\$ 4,355,417
Business-type Activities					
Bonds payable	\$ 43,636,356	\$ -	\$ (3,640,921)	\$ 39,995,435	\$ 3,755,487
Unamortized discount	(259,556)	-	20,405	(239,151)	(20,405)
Compensated absences	250,033	176,073	(150,048)	276,058	138,000
Total business-type activities	\$ 43,626,833	\$ 176,073	\$ (3,770,564)	\$ 40,032,342	\$ 3,873,082
Component Units					
Compensated absences	\$ 13,392	\$ 9,163	\$ (7,228)	\$ 15,327	\$ 8,000

Governmental activities - bonds payable

2006 Court Building Authority Refunding Bonds; \$6,590,000 at issuance; payable in annual installments of \$215,000 to \$500,000; interest payable semi-annually at 4.00% to 4.75% through May 2024	\$ 3,785,000
2007 Capital Improvement Bonds; \$825,000 at issuance; payable in annual installments of \$65,000 to \$100,000; interest payable semi-annually at 4.00% through February 2017	195,000
2007 Capital Improvements Bonds; \$2,645,000 at issuance; payable in annual installments of \$185,000 to \$260,000; interest payable semi-annually at 4.00% through October 2019	985,000

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Governmental activities - bonds payable (continued)

2008 Capital Improvement Bonds; \$11,825,000 at issuance; payable in annual installments of \$430,000 to \$900,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	\$ 615,000
2012 Building Authority Refunding Bonds; \$4,965,000 at issuance; payable in annual installments of \$490,000 to \$620,000; interest payable semi-annually at 2.00% to 3.00% through September 2021	3,975,000
2013 Capital Improvement Bonds; \$1,127,000 at issuance; payable in annual installments of \$225,000 to \$226,000; interest payable semi-annually at 1.38% through October 2018	901,000
2014 Capital Improvement Refunding Bonds; \$2,053,000 at issuance; payable in annual installments of \$232,000 to \$283,000; interest payable semi-annually at 2.30% through June 2023	<u>2,053,000</u>
Total governmental activities bonds payable	<u><u>\$ 12,509,000</u></u>

Business-type activities - bonds payable

1997 Garfield Drain Refunding Bonds; \$1,710,691 at issuance; payable in annual installments of \$40,623 to \$135,411; interest payable semi-annually at 5.00% to 5.125% through October 2017	\$ 388,178
1998 North Arm Relief Drain Revenue Bonds; \$13,877,387 at issuance; payable in annual installments of \$575,000 to \$822,387; interest payable semi-annually at 2.25% through October 2020	4,757,387
2000 George W. Kuhn Drainage District, Series A; \$5,176,386 at issuance; payable in annual installments of \$202,655 to \$324,248; interest payable semi-annually at 2.50% through April 2022	2,109,059
2000 George W. Kuhn Drainage District, Series C; \$23,797,479 at issuance; payable in annual installments of \$932,213 to \$1,489,514; interest payable semi-annually at 2.50% through April 2024	12,167,981
2000 George W. Kuhn Drainage District, Series D; \$659,403 at issuance; payable in annual installments of \$27,503 to \$40,531; interest payable semi-annually at 2.50% through April 2024	322,128
2000 George W. Kuhn Drainage District, Series F; \$446,776 at issuance; payable in annual installments of \$20,265 to \$26,860; interest payable semi-annually at 1.63% through April 2026	260,667
2006 Parking Building Authority Refunding Bonds; \$7,405,000 at issuance; payable in annual installments of \$265,000 to \$500,000; interest payable semi-annually at 4.00% to 4.375% through April 2026	4,295,000

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Business-type activities - bonds payable (concluded)

2006 Capital Improvement Bonds; \$4,325,000 at issuance; payable in annual installments of \$130,000 to \$310,000; interest payable semi-annually at 3.50% to 4.30% through May 2016	\$ 2,795,000
2007 Drain Refunding Bonds; \$3,607,258 at issuance; payable in annual installments of \$18,818 to \$328,590; interest payable semi-annually at 4.25% to 4.38% through April 2024	2,463,707
2007 George W. Kuhn Drainage District, Series G; \$519,081 at issuance; payable in annual installments of \$22,057 to \$29,410; interest payable semi-annually at 1.63% through April 2028	355,857
2008 Capital Improvement Bonds; \$7,250,000 at issuance; payable in annual installments of \$225,000 to \$585,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	5,775,000
2008 Capital Improvement Bonds; \$3,270,000 at issuance; payable in annual installments of \$100,000 to \$265,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	2,610,000
2008 George W. Kuhn Drainage District, Series H; \$2,260,136 at issuance; payable in annual installments of \$88,229 to \$141,167; interest payable semi-annually at 2.50% through April 2029	1,695,471
	<hr/>
Total business-type activities bonds payable	<u><u>\$ 39,995,435</u></u>

Refunded Debt

The City issued \$2,053,000 in 2014 Capital Improvement Refunding Bonds during the year to refund \$1,980,000 of 2005 Library Bonds. The refunding resulted in a savings of \$113,620 over the next eight years and an economic gain of \$104,111. The refunded bonds were paid in full by the escrow agent on June 1, 2015.

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, \$122,993 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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
2016	\$ 1,743,000	\$ 406,372	\$ 3,755,487	\$ 1,408,367
2017	1,689,000	352,468	3,873,121	1,290,600
2018	1,636,000	299,063	3,993,321	1,167,389
2019	1,662,000	247,784	3,972,195	1,042,382
2020	1,498,000	196,823	4,087,247	916,796
2021-2025	4,091,000	369,565	15,728,423	2,702,603
2026-2029	190,000	24,150	4,585,641	473,216
	<u>\$ 12,509,000</u>	<u>\$ 1,896,225</u>	<u>\$ 39,995,435</u>	<u>\$ 9,001,353</u>

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

Obligations for George W. Kuhn Project. The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through the sale of drain bonds, draw downs from the State of Michigan revolving fund, federal and state grants, and contributions from Oakland County. The City and 13 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 \$38,620,000 with an interest rate of 1.63-4.38%. As of June 30, 2015, the City's obligation is \$19,374,870 in principal.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 \$885,000. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the reported liability for the fiscal years 2014 and 2015 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2014	\$ 551,270	\$ 369,000	\$ (253,340)	\$ 666,930
2015	666,930	318,043	(375,383)	609,590

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 2014 and 2015 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2014	\$ 488,306	\$ 211,000	\$ (82,034)	\$ 617,272
2015	617,272	488,828	(90,841)	1,015,259

The City maintains multiple health care insurance programs, one of which is a self-insurance program with Blue Cross Blue Shield. The 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 2014 and 2015 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2014	\$ 539,071	\$ 8,095,000	\$ (8,322,071)	\$ 312,000
2015	312,000	8,452,841	(8,234,749)	530,092

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. EMPLOYEES' RETIREMENT SYSTEM

General Information about the 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; it does not provide for cost of living benefit adjustments. Management of the System is vested in the Retirement Board of the City of Royal Oak, which consists of five members: two members of the City Commission that are appointed by and serve at the pleasure of the City Commission, the City Manager of the City, one general member of the System that is elected by the general members and one fire or police member of the System that is elected by the fire and police members. The System is included in the City's financial statements as a pension trust fund. Separate financial statements are not issued for the Plan.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair values as determined by the custodian under the direction of the Retirement Board with the assistance of a valuation service.

Rate of Return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.24 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Benefits Provided. Eligible employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service. The Plan is closed to all general employees as of June 30, 2008 and remains open for all police and fire employees. Regular service retirement benefits are available to employee groups as follows:

TPOAM (formerly AFSCME), 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.

Contributions. The obligation to contribute to the System for these employees was established by City ordinance and through negotiations with the employees' collective bargaining units. Employees are required to contribute 3.0 to 7.0 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates.

Bargaining Unit / Employee Group	Benefit Multiplier	Contribution Percentage	Maximum FAC
Executive Department Head	2.0%-2.5%	5.0%	80%
SEIU AFL-CIO Local 517M	2.2%-2.5%	7.0%	75%
Department Heads and Deputies	2.2%-2.5%	5.0%	80%
44th District Court	2.2%-2.5%	4.0%	75%
Professional and Technical	2.2%-2.5%	5.0%	80%
TPOAM (formerly AFSCME)	2.2%-2.5%	4.5%	80%
Foreman and Supervisors	2.2%-2.5%	7.0%	80%
Judges	2.0%-2.5%	3.0%	75%
Police Service Aides	2.2%-2.5%	4.0%	80%
Police Officers	2.5%-2.8%	6.0%	80%
Fire Fighters	2.5%-2.8%	6.0%	75%
Police Command	2.5%-2.8%	6.0%	80%
Detectives	2.5%-2.8%	6.0%	75%
Police and Fire Department Heads	2.5%-2.8%	6.0%	75%

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

FAC is the highest two consecutive years out of the last ten for general employees. For police and fire employees, FAC is the highest two consecutive years out of the last ten hired before May 30, 2012 and September 30, 2009 respectively and for those hired after FAC is based on the highest three consecutive years out of the last ten. 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.

Membership. At June 30, 2014 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits	536
Terminated employees entitled to benefits but not yet receiving them	29
Current full-time employees	246
Total members	811

Reserves. In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2015 is as follows:

Reserve / Group	Balance
Police and fire members benefit fund	\$ 67,569,648
General members benefit fund	90,436,078
Undistributed investment income fund	(21,680,522)

Net Pension Liability. The City's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.0-5.9 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 projected 20 years Health Life Mortality, setforward 10 years for Disabled Life Mortality

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 2006 through 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2015, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
SEI Large Cap Fund	11.00%	6.63%	0.73%
SEI Large Cap Index Fund	10.00%	5.50%	0.55%
SEI Small Cap II Fund	10.00%	7.66%	0.77%
SEI World Equity ex-US Fund	19.00%	6.90%	1.31%
SEI Emerging Market Equity	5.00%	7.16%	0.36%
SEI Dynamic Asset Allocation	9.00%	7.82%	0.70%
SEI Core Fixed Income Fund	13.00%	4.04%	0.53%
SEI Opportunistic Income Fund	12.00%	3.34%	0.40%
SEI High Yield Bond Fund	4.00%	5.17%	0.21%
SEI Emerging Markets Debt Fund	7.00%	6.25%	0.44%
	<u>100.00%</u>		6.00%
Inflation			3.00%
Risk adjustments			<u>-1.25%</u>
Investment rate of return			<u>7.75%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be exhausted in the year 2113. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return of 7.75% until 2113, and discounting with the 20-year AA municipal bond index rate of 3.8% thereafter. This projection is done on a closed group basis, per GASB requirements. On an ongoing, open-group basis, it is unlikely that the funds will be depleted because funding progress is frequently reviewed and adjustments are made to contribution levels.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 202,772,123	\$ 139,312,849	\$ 63,459,274
Changes for the year:			
Service cost	2,555,924	-	2,555,924
Interest	15,214,726	-	15,214,726
Changes in benefit terms	96,556	-	96,556
Differences between expected and actual experience	903,595	-	903,595
Employer contributions	-	7,098,292	(7,098,292)
Employee contributions	-	981,785	(981,785)
Net investment income	-	4,465,722	(4,465,722)
Benefit payments, including refunds of employee contributions	(15,462,070)	(15,462,070)	-
Administrative expense	-	(71,374)	71,374
Net changes	3,308,731	(2,987,645)	6,296,376
Balances at June 30, 2015	\$ 206,080,854	\$ 136,325,204	\$ 69,755,650

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 91,572,363	\$ 69,755,650	\$ 51,226,680

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is provided in Note 13.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the year ended June 30, 2015, the City recognized pension expense of \$7,915,393. At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Changes in benefit terms	\$ -
Difference between expected and actual experience	618,477
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	4,860,798
	<u>5,479,275</u>
Contributions subsequent to measurement date	<u>-</u>
Total	<u>\$ 5,479,275</u>

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

Year Ended June 30,	Amount
2016	\$ 1,500,318
2017	1,500,318
2018	1,263,441
2019	<u>1,215,198</u>
Total	<u>\$ 5,479,275</u>

12. OTHER POSTEMPLOYMENT BENEFITS

The City provides postemployment 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, 443 retirees are eligible, including one deferred retiree who will be eligible to receive postemployment benefits once pension payments begin. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 actuarial report applicable to the current fiscal year), membership consisted of:

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

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, 2015. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2015, 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.

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, 2015, the City contributed \$10,912,557.

Three-Year Trend Information			
Years Ended June 30,	Annual OPEB Cost (AOC)	Percentage Contributed	Net OPEB Obligation
2013	\$ 13,931,304	51.7%	\$ 23,925,601
2014	14,375,204	51.5%	30,901,883
2015	10,932,661	99.8%	30,921,987

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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, 2012, using the entry actual age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (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 9% 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, 2015 of 25 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 10,912,557
Interest on net OPEB obligation	2,394,221
Adjustment to annual required contribution	<u>(2,374,117)</u>
Net OPEB cost (expense)	10,932,661
Contributions made	<u>(10,912,557)</u>
Increase in net OPEB obligation	20,104
Net OPEB obligation, beginning of year	<u>30,901,883</u>
Net OPEB obligation, end of year	<u>\$ 30,921,987</u>

Funded Status and Funding Progress. As of June 30, 2014, the most recent actuarial valuation, the Plan was 6.7 percent funded. The actuarial accrued liability for benefits was \$128,977,703, and the actuarial value of assets was \$8,668,092, resulting in an unfunded actuarial accrued liability (UAAL) of \$120,309,611. The covered payroll (annual payroll of active employees covered by the Plan) was \$13,381,586, and the ratio of the UAAL to the covered payroll was 899.1 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Assets			
Cash and investments	\$ 232,840	\$ 18,563	\$ 251,403
Receivables, net	66,609	31	66,640
Retirement investments, at fair value			
Mutual funds	136,122,850	12,013,499	148,136,349
Total assets	136,422,299	12,032,093	148,454,392
Liabilities			
Accounts payable	97,068	315	97,383
Accrued and other liabilities	27	21,200	21,227
Total liabilities	97,095	21,515	118,610
Net position			
Restricted for:			
Employees' pension benefits	136,325,204	-	136,325,204
Other postemployment benefits	-	12,010,578	12,010,578
Total net position	\$ 136,325,204	\$ 12,010,578	\$ 148,335,782

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	\$ 7,098,292	\$ 10,912,557	\$ 18,010,849
Plan members	885,068	-	885,068
Plan members' buyback	96,717	-	96,717
Total contributions	8,080,077	10,912,557	18,992,634
Investment earnings:			
Net change in fair value of investments	2,512,205	132,552	2,644,757
Interest	378,830	3,754	382,584
Dividends	2,162,620	-	2,162,620
Other investment revenues	32,531	-	32,531
Total investment gain	5,086,186	136,306	5,222,492
Investment expense	620,464	18,843	639,307
Net investment gain	4,465,722	117,463	4,583,185
Total additions	12,545,799	11,030,020	23,575,819
Deductions			
Benefits	14,667,824	7,670,275	22,338,099
Refund of contributions	794,246	-	794,246
Administrative expenses	71,374	17,259	88,633
Total deductions	15,533,444	7,687,534	23,220,978
Change in net position	(2,987,645)	3,342,486	354,841
Net position, beginning of year	139,312,849	8,668,092	147,980,941
Net position, end of year	\$ 136,325,204	\$ 12,010,578	\$ 148,335,782

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, 2015, there were 52 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, 2015, were \$101,086 by the employees and \$141,521 by the City.

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2015, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 76,482,110	\$ 16,564,249	\$ 2,895,755
Capital assets being depreciated, net	68,379,671	98,656,944	1,024,434
	<u>144,861,781</u>	<u>115,221,193</u>	<u>3,920,189</u>
Related debt:			
General obligation bonds	12,509,000	15,475,000	-
State revolving fund	-	4,757,387	-
Less amounts owed from other communities	-	(2,421,949)	-
Contractual obligations	-	19,763,048	-
Bond discount	(82,385)	(239,151)	-
Bond premium	207,739	-	-
Deferred charge on refunding	(113,580)	(223,855)	-
	<u>12,520,774</u>	<u>37,110,480</u>	<u>-</u>
Net investment in capital assets	<u>\$ 132,341,007</u>	<u>\$ 78,110,713</u>	<u>\$ 3,920,189</u>

CITY OF ROYAL OAK, MICHIGAN

■ Notes to Financial Statements

16. SUBSEQUENT EVENT

On September 30, 2015 the City issued an intent to issue up to \$165 million in pension and other postemployment benefits (OPEB) bonds. The City commission intends to make its final decision to approve this issuance on December 21, 2015.

17. RESTATEMENT

The City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result of this change, beginning net position of governmental activities, business-type activities, water and sewer enterprise fund, automobile parking enterprise fund, nonmajor enterprise funds, the Tax Incremental Financing Authority (TIFA) component unit, and the Downtown Development Authority (DDA) component unit by \$58,930,427, \$4,294,322, \$3,113,926, \$836,098, \$344,298, \$193,317, and \$31,108 respectively.





REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,	
	2014	2015
Change in total pension liability		
Service cost	\$ 2,485,567	\$ 2,555,924
Interest	15,021,782	15,214,726
Changes of benefit terms	-	96,556
Differences between expected and actual experience	-	903,595
Benefit payments, including refunds of member contributions	<u>(14,643,773)</u>	<u>(15,462,071)</u>
Net change in total pension liability	<u>2,863,576</u>	<u>3,308,730</u>
 Total pension liability, beginning	 <u>199,908,548</u>	 <u>202,772,124</u>
 Total pension liability, ending (a)	 <u>202,772,124</u>	 <u>206,080,854</u>
 Change in plan fiduciary net position		
Contributions - employer	6,539,504	7,098,292
Contributions - member	1,603,847	981,785
Net investment income	21,788,939	4,465,722
Benefit payments, including refunds of member contributions	<u>(14,644,935)</u>	<u>(15,462,070)</u>
Administrative expense	<u>(49,691)</u>	<u>(71,374)</u>
Net change in plan fiduciary net position	<u>15,237,664</u>	<u>(2,987,645)</u>
 Plan fiduciary net position, beginning	 <u>124,075,185</u>	 <u>139,312,849</u>
 Plan fiduciary net position, ending (b)	 <u>139,312,849</u>	 <u>136,325,204</u>
 City's net pension liability, ending (a)-(b)	 <u>\$ 63,459,275</u>	 <u>\$ 69,755,650</u>
 Plan fiduciary net position as a percentage of the total pension liability	 68.70%	 66.15%
 Covered-employee payroll	 \$ 15,296,167	 \$ 19,494,353
 City's net pension liability as a percentage of covered payroll	 414.87%	 357.82%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information
 Employees' Retirement System

Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2014	\$202,772,124	\$ 139,263,110	\$ 63,509,014	68.7%	\$ 15,296,167	415.20%
2015	206,080,854	136,325,204	69,755,650	66.2%	19,494,353	357.82%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2014	\$ 6,480,707	\$ 6,503,436	\$ (22,729)	\$ 15,296,167	42.5%
2015	6,891,898	7,098,292	(206,394)	19,494,353	36.4%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date June 30, 2014 (rolled forward to June 30, 2015)
 Notes Actuarially determined contribution rates are calculated as of June 30 2014, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	General: Level dollar amount, closed Police and Fire: Level percent of payroll, closed
Remaining amortization period	General: 24 years, closed Police and Fire: 29 years, closed
Asset valuation method	4-year smooth market
Inflation	3.00%
Salary increases	3.0% - 5.9%
Investment rate of return	7.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2013 valuation pursuant to an experience study of the period 2006 - 2012.
Mortality	RP-2000 projected 20 years (multiplied by 110%) Healthy Life Mortality, setforward 10 years for Disabled Life Mortality.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	17.98%
2015	3.24%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information
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
6/30/2010	\$ 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%
6/30/2014	8,668	128,978	120,309	6.7%	13,382	899.0%

Schedule of Employer Contributions
(dollar amounts in thousands)

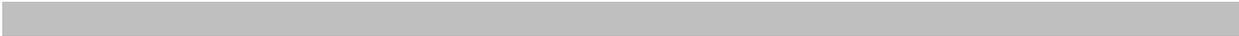
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2013	14,035	51%
2014	14,618	51%
2015	10,913	100%

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Assets			
Cash and investments	\$ 2,868,572	\$ 2,676,801	\$ 31,050
Receivables, net	47,483	11,171	119
Due from other governmental units	713,673	154,263	-
Inventories	150,173	21,336	-
Restricted assets, cash	-	-	-
Total assets	\$ 3,779,901	\$ 2,863,571	\$ 31,169
Liabilities			
Accounts payable	\$ 22,941	\$ 11,822	\$ -
Accrued and other liabilities	13,469	25,956	554
Cash bonds and deposits	-	-	-
Unearned revenue	-	-	-
Total liabilities	36,410	37,778	554
Deferred inflows of resources			
Unavailable revenue - property taxes and special assessments	-	3,180	61
Fund balances			
Nonspendable:			
Inventory	150,173	21,336	-
Endowment	-	-	-
Restricted	3,593,318	2,801,277	30,554
Total fund balances	3,743,491	2,822,613	30,554
Total liabilities, deferred inflows of resources and fund balances	\$ 3,779,901	\$ 2,863,571	\$ 31,169



Special Revenue Funds					
Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
\$ 579,781	\$ 1,075,295	\$ 4,819,494	\$ 519,697	\$ 945,479	\$ 13,516,169
65,336	4,621	9,063	3,410	8,485	149,688
-	-	-	-	-	867,936
-	-	-	-	-	171,509
-	-	-	-	-	-
<u>\$ 645,117</u>	<u>\$ 1,079,916</u>	<u>\$ 4,828,557</u>	<u>\$ 523,107</u>	<u>\$ 953,964</u>	<u>\$ 14,705,302</u>
\$ 27,991	\$ 13,335	\$ 5,033	\$ 5,820	\$ 41,062	\$ 128,004
9,137	25,515	23,900	-	1,436	99,967
-	-	-	-	550	550
-	-	-	-	51,168	51,168
<u>37,128</u>	<u>38,850</u>	<u>28,933</u>	<u>5,820</u>	<u>94,216</u>	<u>279,689</u>
-	2,608	-	-	-	5,849
-	-	-	-	-	171,509
-	-	-	-	-	-
<u>607,989</u>	<u>1,038,458</u>	<u>4,799,624</u>	<u>517,287</u>	<u>859,748</u>	<u>14,248,255</u>
<u>607,989</u>	<u>1,038,458</u>	<u>4,799,624</u>	<u>517,287</u>	<u>859,748</u>	<u>14,419,764</u>
<u>\$ 645,117</u>	<u>\$ 1,079,916</u>	<u>\$ 4,828,557</u>	<u>\$ 523,107</u>	<u>\$ 953,964</u>	<u>\$ 14,705,302</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Capital Projects			Total Nonmajor Governmental Funds
	Debt Service Fund	Special Assessments	Permanent Fund	
Assets				
Cash and investments	\$ 109,228	\$ 10,160	\$ 10,384	\$ 13,645,941
Receivables, net	1,041	513,600	23	664,352
Due from other governmental units	-	-	-	867,936
Inventories	-	-	-	171,509
Restricted assets, cash	-	-	1,000	1,000
Total assets	\$ 110,269	\$ 523,760	\$ 11,407	\$ 15,350,738
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 128,004
Accrued and other liabilities	-	-	-	99,967
Cash bonds and deposits	-	-	-	550
Unearned revenue	-	-	-	51,168
Total liabilities	-	-	-	279,689
Deferred inflows of resources				
Unavailable revenue - property taxes and special assessments	834	510,760	-	517,443
Fund balances				
Nonspendable:				
Inventory	-	-	-	171,509
Endowment	-	-	1,000	1,000
Restricted	109,435	13,000	10,407	14,381,097
Total fund balances	109,435	13,000	11,407	14,553,606
Total liabilities, deferred inflows of resources and fund balances	\$ 110,269	\$ 523,760	\$ 11,407	\$ 15,350,738

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, 2015

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Revenues			
Taxes	\$ -	\$ 5,360,569	\$ 46,747
Licenses and permits	152,797	-	-
Federal grants	-	-	-
State grants	3,306,641	962,416	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	16,477	15,410	198
Contributions and donations	19,964	-	-
Other revenue	29,700	5,055	-
Total revenues	3,525,579	6,343,450	46,945
Expenditures			
Current:			
General government	-	-	74,136
Public safety	-	-	-
Public works	1,449,202	2,089,914	-
Recreation and culture	-	-	-
Debt service:			
Principal payments	-	-	-
Interest and paying agent fees	-	-	-
Bond issuance costs	-	-	-
Total expenditures	1,449,202	2,089,914	74,136
Revenues over (under) expenditures	2,076,377	4,253,536	(27,191)
Other financing sources (uses)			
Issuance of long-term debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	50,735	25,000
Transfers out	(1,703,035)	(1,918,186)	-
Total other financing sources (uses)	(1,703,035)	(1,867,451)	25,000
Net change in fund balances	373,342	2,386,085	(2,191)
Fund balances, beginning of year	3,370,149	436,528	32,745
Fund balances, end of year	\$ 3,743,491	\$ 2,822,613	\$ 30,554

Special Revenue Funds					
Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 2,063,681	\$ -	\$ -	\$ -	\$ 7,470,997
-	-	3,130,206	-	56,558	3,339,561
-	-	-	-	54,162	54,162
162,731	119,713	-	-	22,625	4,574,126
226,594	70,980	-	-	17,040	314,614
-	2,819	-	-	110,666	113,485
2,981	7,305	21,729	2,598	6,471	73,169
47,148	4,360	-	124,061	56,913	252,446
-	6,774	80,118	-	13,491	135,138
<u>439,454</u>	<u>2,275,632</u>	<u>3,232,053</u>	<u>126,659</u>	<u>337,926</u>	<u>16,327,698</u>
-	-	-	-	-	74,136
-	-	1,535,410	231	221,758	1,757,399
-	-	-	-	-	3,539,116
794,404	1,972,697	-	36,631	-	2,803,732
-	205,000	-	-	-	205,000
-	73,436	-	-	-	73,436
-	32,838	-	-	-	32,838
<u>794,404</u>	<u>2,283,971</u>	<u>1,535,410</u>	<u>36,862</u>	<u>221,758</u>	<u>8,485,657</u>
<u>(354,950)</u>	<u>(8,339)</u>	<u>1,696,643</u>	<u>89,797</u>	<u>116,168</u>	<u>7,842,041</u>
-	2,053,000	-	-	-	2,053,000
-	(2,020,162)	-	-	-	(2,020,162)
350,000	30,000	-	10,000	15,129	480,864
(5,000)	-	(5,000)	(71,129)	-	(3,702,350)
<u>345,000</u>	<u>62,838</u>	<u>(5,000)</u>	<u>(61,129)</u>	<u>15,129</u>	<u>(3,188,648)</u>
(9,950)	54,499	1,691,643	28,668	131,297	4,653,393
<u>617,939</u>	<u>983,959</u>	<u>3,107,981</u>	<u>488,619</u>	<u>728,451</u>	<u>9,766,371</u>
<u>\$ 607,989</u>	<u>\$ 1,038,458</u>	<u>\$ 4,799,624</u>	<u>\$ 517,287</u>	<u>\$ 859,748</u>	<u>\$ 14,419,764</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects			Total Nonmajor Governmental Funds
	Debt Service Fund	Special Assessments	Permanent Fund	
Revenues				
Taxes	\$ 625,836	\$ -	\$ -	\$ 8,096,833
Licenses and permits	-	-	-	3,339,561
Federal grants	-	-	-	54,162
State grants	-	-	-	4,574,126
Charges for services	-	-	-	314,614
Fines and forfeitures	-	-	-	113,485
Interest and rentals	512	43,048	50	116,779
Contributions and donations	511,587	106,003	-	870,036
Other revenue	-	-	-	135,138
Total revenues	1,137,935	149,051	50	17,614,734
Expenditures				
Current:				
General government	-	-	-	74,136
Public safety	-	-	-	1,757,399
Public works	-	197	-	3,539,313
Recreation and culture	-	-	5	2,803,737
Debt service:				
Principal payments	925,000	-	-	1,130,000
Interest and paying agent fees	314,275	-	-	387,711
Bond issuance costs	-	-	-	32,838
Total expenditures	1,239,275	197	5	9,725,134
Revenue over (under) expenditures	(101,340)	148,854	45	7,889,600
Other financing sources (uses)				
Issuance of long-term debt	-	-	-	2,053,000
Payment to refunded bond escrow agent	-	-	-	(2,020,162)
Transfers in	101,900	-	-	582,764
Transfers out	-	(149,050)	-	(3,851,400)
Total other financing sources (uses)	101,900	(149,050)	-	(3,235,798)
Net change in fund balances	560	(196)	45	4,653,802
Fund balances, beginning of year	108,875	13,196	11,362	9,899,804
Fund balances, end of year	\$ 109,435	\$ 13,000	\$ 11,407	\$ 14,553,606

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 181,000	\$ 181,000	\$ 152,797	\$ (28,203)
State grants	2,868,000	3,126,000	3,306,641	180,641
Interest and rentals	6,000	6,000	16,477	10,477
Contributions and donations	15,600	15,600	19,964	4,364
Other revenue	10,000	10,000	29,700	19,700
Total revenues	3,080,600	3,338,600	3,525,579	186,979
Expenditures				
Current -				
Public works	1,762,120	1,762,120	1,449,202	(312,918)
Revenues over expenditures	1,318,480	1,576,480	2,076,377	499,897
Other financing uses				
Transfers out	(2,408,500)	(511,500)	(1,703,035)	1,191,535
Net change in fund balance	(1,090,020)	1,064,980	373,342	(691,638)
Fund balance, beginning of year	3,370,149	3,370,149	3,370,149	-
Fund balance, end of year	\$ 2,280,129	\$ 4,435,129	\$ 3,743,491	\$ (691,638)

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ 5,358,000	\$ 5,360,569	\$ 2,569
State grants	932,000	932,000	962,416	30,416
Interest and rentals	1,200	1,200	15,410	14,210
Other revenue	600	600	5,055	4,455
Total revenues	933,800	6,291,800	6,343,450	51,650
Expenditures				
Current -				
Public works	1,360,350	2,265,950	2,089,914	(176,036)
Revenues over (under) expenditures	(426,550)	4,025,850	4,253,536	227,686
Other financing sources (uses)				
Transfers in	350,000	-	50,735	50,735
Transfers out	-	(2,250,850)	(1,918,186)	(332,664)
Total other financing sources (uses)	350,000	(2,250,850)	(1,867,451)	383,399
Net change in fund balance	(76,550)	1,775,000	2,386,085	611,085
Fund balance, beginning of year	436,528	436,528	436,528	-
Fund balance, end of year	\$ 359,978	\$ 2,211,528	\$ 2,822,613	\$ 611,085

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 46,160	\$ 46,160	\$ 46,747	\$ 587
Interest and rentals	70	70	198	128
Total revenues	46,230	46,230	46,945	715
Expenditures				
Current -				
General government	73,430	79,430	74,136	(5,294)
Revenues over (under) expenditures	(27,200)	(33,200)	(27,191)	6,009
Other financing sources				
Transfers in	25,000	25,000	25,000	-
Net change in fund balance	(2,200)	(8,200)	(2,191)	6,009
Fund balance, beginning of year	32,745	32,745	32,745	-
Fund balance, end of year	\$ 30,545	\$ 24,545	\$ 30,554	\$ 6,009

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 127,220	\$ 127,220	\$ 162,731	\$ 35,511
Charges for services	232,700	232,700	226,594	(6,106)
Interest and rentals	2,500	2,500	2,981	481
Contributions and donations	47,430	47,430	47,148	(282)
Total revenues	409,850	409,850	439,454	29,604
Expenditures				
Current -				
Recreation and culture	812,970	849,170	794,404	(54,766)
Revenues over (under) expenditures	(403,120)	(439,320)	(354,950)	84,370
Other financing sources (uses)				
Transfers in	350,000	350,000	350,000	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	345,000	345,000	345,000	-
Net change in fund balance	(58,120)	(94,320)	(9,950)	84,370
Fund balance, beginning of year	617,939	617,939	617,939	-
Fund balance, end of year	\$ 559,819	\$ 523,619	\$ 607,989	\$ 84,370

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 2,029,000	\$ 2,062,000	\$ 2,063,681	\$ 1,681
State grants	102,000	102,000	119,713	17,713
Charges for services	73,450	73,450	70,980	(2,470)
Fines and forfeitures	4,000	4,000	2,819	(1,181)
Interest and rentals	4,700	4,700	7,305	2,605
Contributions and donations	2,500	2,500	4,360	1,860
Other revenue	1,000	1,000	6,774	5,774
Total revenues	2,216,650	2,249,650	2,275,632	25,982
Expenditures				
Current -				
Recreation and culture	2,063,260	2,088,260	1,972,697	(115,563)
Debt service:				
Principal payments	205,000	205,000	205,000	-
Interest and paying agents fees	89,470	89,470	73,436	(16,034)
Bond Issuance costs	-	-	32,838	32,838
Total expenditures	2,357,730	2,382,730	2,283,971	(98,759)
Revenues over (under) expenditures	(141,080)	(133,080)	(8,339)	124,741
Other financing sources (uses)				
Issuance of long-term debt	-	-	2,053,000	2,053,000
Payment to refunded bond escrow agent	-	-	(2,020,162)	(2,020,162)
Transfers in	30,000	30,000	30,000	-
Total other financing sources (uses)	30,000	30,000	62,838	32,838
Net change in fund balance	(111,080)	(103,080)	54,499	157,579
Fund balance, beginning of year	983,959	983,959	983,959	-
Fund balance, end of year	\$ 872,879	\$ 880,879	\$ 1,038,458	\$ 157,579

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 1,601,000	\$ 2,921,000	\$ 3,130,206	\$ 209,206
Interest and rentals	6,000	6,000	21,729	15,729
Other revenue	40,000	75,000	80,118	5,118
Total revenues	1,732,000	3,002,000	3,232,053	230,053
Expenditures				
Current -				
Public safety	1,867,620	1,760,270	1,535,410	(224,860)
Revenues over (under) expenditures	(135,620)	1,241,730	1,696,643	454,913
Other financing uses				
Transfers out	(5,000)	(5,000)	(5,000)	-
Net change in fund balance	(140,620)	1,236,730	1,691,643	454,913
Fund balance, beginning of year	3,107,981	3,107,981	3,107,981	-
Fund balance, end of year	\$ 2,967,361	\$ 4,344,711	\$ 4,799,624	\$ 454,913

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ 1,500	\$ 1,500	\$ 2,598	\$ 1,098
Contributions and donations	71,590	131,720	124,061	(7,659)
Total revenues	73,090	133,220	126,659	(6,561)
Expenditures				
Current:				
Public safety	100	340	231	(109)
Recreation and culture	36,880	52,600	36,631	(15,969)
Total expenditures	36,980	52,940	36,862	(16,078)
Revenues over expenditures	36,110	80,280	89,797	9,517
Other financing sources (uses)				
Transfers in	-	10,000	10,000	-
Transfers out	(71,000)	(73,000)	(71,129)	(1,871)
Other financing sources (uses)	(71,000)	(63,000)	(61,129)	(1,871)
Net change in fund balance	(34,890)	17,280	28,668	11,388
Fund balance, beginning of year	488,619	488,619	488,619	-
Fund balance, end of year	\$ 453,729	\$ 505,899	\$ 517,287	\$ 11,388

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 64,000	\$ 64,000	\$ 56,558	\$ (7,442)
Federal grants	76,000	61,460	54,162	(7,298)
State grants	74,000	64,420	22,625	(41,795)
Charges for services	22,000	22,000	17,040	(4,960)
Fines and forfeitures	70,000	70,000	110,666	40,666
Interest and rentals	1,570	1,570	6,471	4,901
Contributions and donations	83,000	41,000	56,913	15,913
Other revenue	250	13,750	13,491	(259)
Total revenues	390,820	338,200	337,926	(274)
Expenditures				
Current -				
Public safety	291,870	219,290	221,758	2,468
Revenues over (under) expenditures	98,950	118,910	116,168	(2,742)
Other financing sources				
Transfers in	15,000	17,000	15,129	(1,871)
Net change in fund balance	113,950	135,910	131,297	(4,613)
Fund balance, beginning of year	728,451	728,451	728,451	-
Fund balance, end of year	\$ 842,401	\$ 864,361	\$ 859,748	\$ (4,613)

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2015

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 139,161	\$ 311,721	\$ 382,739	\$ 627,835	\$ 1,461,456
Receivables, net	262	35,890	625	30,409	67,186
Total current assets	<u>139,423</u>	<u>347,611</u>	<u>383,364</u>	<u>658,244</u>	<u>1,528,642</u>
Noncurrent assets:					
Capital assets	-	4,471,882	5,210,198	2,538,835	12,220,915
Accumulated depreciation	-	(1,144,113)	(3,138,333)	(1,007,300)	(5,289,746)
Total noncurrent assets	<u>-</u>	<u>3,327,769</u>	<u>2,071,865</u>	<u>1,531,535</u>	<u>6,931,169</u>
Total assets	<u>139,423</u>	<u>3,675,380</u>	<u>2,455,229</u>	<u>2,189,779</u>	<u>8,459,811</u>
Deferred outflows of resources					
Deferred pension amounts	-	26,106	2,553	1,070	29,729
Liabilities					
Current liabilities:					
Accounts payable	-	14,931	79,864	16,359	111,154
Accrued and other liabilities	-	8,271	966	1,058	10,295
Unearned revenue	-	-	-	22,356	22,356
Compensated absences, current	-	10,379	970	391	11,740
Total current liabilities	<u>-</u>	<u>33,581</u>	<u>81,800</u>	<u>40,164</u>	<u>155,545</u>
Noncurrent liabilities:					
Accrued compensated absences	-	10,383	970	391	11,744
Net pension liability	-	332,344	32,503	13,613	378,460
Other postemployment benefits obligation	-	146,928	37,690	8,311	192,929
Total noncurrent liabilities	<u>-</u>	<u>489,655</u>	<u>71,163</u>	<u>22,315</u>	<u>583,133</u>
Total liabilities	<u>-</u>	<u>523,236</u>	<u>152,963</u>	<u>62,479</u>	<u>738,678</u>
Net position					
Net investment in capital assets	-	3,327,769	2,071,865	1,531,535	6,931,169
Unrestricted	139,423	(149,519)	232,954	596,835	819,693
Total net position	<u>\$ 139,423</u>	<u>\$ 3,178,250</u>	<u>\$ 2,304,819</u>	<u>\$ 2,128,370</u>	<u>\$ 7,750,862</u>

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, 2015

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	\$ 325,050	\$ 586,494	\$ 1,363,991	\$ 495,244	\$ 2,770,779
Other	12,642	-	-	2,650	15,292
Total operating revenues	337,692	586,494	1,363,991	497,894	2,786,071
Operating expenses					
Salaries and benefits	80,414	302,177	20,612	8,437	411,640
Supplies	-	19,867	68,781	14,195	102,843
Other services and charges	194,689	234,808	1,110,813	378,437	1,918,747
Depreciation	-	87,765	122,224	69,944	279,933
Total operating expenses	275,103	644,617	1,322,430	471,013	2,713,163
Operating income (loss)	62,589	(58,123)	41,561	26,881	72,908
Nonoperating revenues					
Federal grants	-	-	-	2,544	2,544
Interest income	948	1,276	986	2,421	5,631
Gain on sale of capital assets	-	-	272	-	272
Total nonoperating revenues	948	1,276	1,258	4,965	8,447
Income (loss) before transfers	63,537	(56,847)	42,819	31,846	81,355
Transfers	(21,376)	-	(32,760)	-	(54,136)
Change in net position	42,161	(56,847)	10,059	31,846	27,219
Net position, beginning of year, as restated	97,262	3,235,097	2,294,760	2,096,524	7,723,643
Net position, end of year	\$ 139,423	\$ 3,178,250	\$ 2,304,819	\$ 2,128,370	\$ 7,750,862

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2015

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers	\$ 329,933	\$ 648,832	\$ 1,364,539	\$ 485,490	\$ 2,828,794
Other operating receipts	12,642	-	-	2,650	15,292
Payments to vendors	(194,689)	(258,804)	(1,165,072)	(392,763)	(2,011,328)
Payments to employees	(80,414)	(296,252)	(20,144)	(8,006)	(404,816)
Net cash provided by operating activities	67,472	93,776	179,323	87,371	427,942
Cash flows from noncapital financing activities					
Federal operating grants	-	-	-	2,544	2,544
Transfers to other funds	(21,376)	-	(32,760)	-	(54,136)
Net cash provided by (used in) noncapital financing activities	(21,376)	-	(32,760)	2,544	(51,592)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	272	-	272
Cash flows from investing activities					
Interest received on investments	948	1,276	986	2,421	5,631
Net change in cash and investments	47,044	95,052	147,821	92,336	382,253
Cash and investments balances, beginning of year	92,117	216,669	234,918	535,499	1,079,203
Cash and investments balances, end of year	\$ 139,161	\$ 311,721	\$ 382,739	\$ 627,835	\$ 1,461,456
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 62,589	\$ (58,123)	\$ 41,561	\$ 26,881	\$ 72,908
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	87,765	122,224	69,944	279,933
Changes in assets and liabilities:					
Receivables, net	4,883	62,338	548	(8,448)	59,321
Accounts payable	-	(4,241)	14,511	(136)	10,134
Accrued and other liabilities	-	1,074	59	228	1,361
Unearned revenue	-	-	-	(1,306)	(1,306)
Accrued compensated absences	-	958	28	44	1,030
Net pension liability and deferred amounts	-	3,893	381	159	4,433
Other postemployment benefits obligation	-	112	11	5	128
Net cash provided by operating activities	\$ 67,472	\$ 93,776	\$ 179,323	\$ 87,371	\$ 427,942

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds
June 30, 2015

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Assets						
Current assets:						
Cash and investments	\$ 1,304,692	\$ 8,895,986	\$ 3,493,218	\$ 7,746,048	\$ 2,246,460	\$ 23,686,404
Receivables, net	2,447	16,725	6,378	14,029	1,373	40,952
Prepaid items	-	-	-	1,076,850	-	1,076,850
Inventories	-	241,399	-	-	-	241,399
Total current assets	1,307,139	9,154,110	3,499,596	8,836,927	2,247,833	25,045,605
Noncurrent assets:						
Capital assets	2,126,677	17,105,086	-	-	-	19,231,763
Accumulated depreciation	(1,597,240)	(12,131,124)	-	-	-	(13,728,364)
Total noncurrent assets	529,437	4,973,962	-	-	-	5,503,399
Total assets	1,836,576	14,128,072	3,499,596	8,836,927	2,247,833	30,549,004
Deferred outflows of resources						
Deferred pension amounts	60,421	94,381	-	-	-	154,802
Liabilities						
Current liabilities:						
Accounts payable	35,757	111,012	27,270	18,094	-	192,133
Accrued and other liabilities	9,940	38,744	-	530,092	-	578,776
Bonds payable, due within one year	-	320,000	-	-	-	320,000
Other long-term liabilities, current	-	-	507,629	-	304,795	812,424
Compensated absences, current	19,525	42,600	-	-	-	62,125
Total current liabilities	65,222	512,356	534,899	548,186	304,795	1,965,458
Noncurrent liabilities:						
Bonds payable	-	1,276,769	-	-	-	1,276,769
Other long-term liabilities	-	-	507,630	-	304,795	812,425
Accrued compensated absences	19,065	41,803	-	-	-	60,868
Net pension liability	769,204	1,201,546	-	-	-	1,970,750
Other postemployment benefits obligation	436,226	628,053	-	-	-	1,064,279
Total noncurrent liabilities	1,224,495	3,148,171	507,630	-	304,795	5,185,091
Total liabilities	1,289,717	3,660,527	1,042,529	548,186	609,590	7,150,549
Net position						
Net investment in capital assets	529,437	3,377,193	-	-	-	3,906,630
Unrestricted	77,843	7,184,733	2,457,067	8,288,741	1,638,243	19,646,627
Total net position	\$ 607,280	\$ 10,561,926	\$ 2,457,067	\$ 8,288,741	\$ 1,638,243	\$ 23,553,257

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, 2015

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Operating revenues						
Charges for services	\$ 1,146,844	\$ 4,328,049	\$ 1,016,909	\$ 9,924,737	\$ 1,209,649	\$ 17,626,188
Other revenue	6,204	65,184	19,288	32,686	3,546	126,908
Total operating revenues	1,153,048	4,393,233	1,036,197	9,957,423	1,213,195	17,753,096
Operating expenses						
Salaries and benefits	565,421	1,177,207	716,223	8,452,841	-	10,911,692
Supplies	112,026	822,980	-	-	-	935,006
Other services and charges	450,809	485,426	152,352	2,998	1,300,951	2,392,536
Depreciation	88,717	825,863	-	-	-	914,580
Total operating expenses	1,216,973	3,311,476	868,575	8,455,839	1,300,951	15,153,814
Operating income (loss)	(63,925)	1,081,757	167,622	1,501,584	(87,756)	2,599,282
Nonoperating revenues (expenses)						
Interest expense	-	(78,060)	-	-	-	(78,060)
Gain on sale of capital assets	-	31,328	-	-	-	31,328
Total nonoperating revenue (expenses)	-	(46,732)	-	-	-	(46,732)
Income (loss) before transfers	(63,925)	1,035,025	167,622	1,501,584	(87,756)	2,552,550
Transfers						
Transfers in	-	35,000	-	-	-	35,000
Transfers out	-	(26,725)	-	-	-	(26,725)
Total transfers	-	8,275	-	-	-	8,275
Change in net position	(63,925)	1,043,300	167,622	1,501,584	(87,756)	2,560,825
Net position, beginning of year, as restated	671,205	9,518,626	2,289,445	6,787,157	1,725,999	20,992,432
Net position, end of year	\$ 607,280	\$ 10,561,926	\$ 2,457,067	\$ 8,288,741	\$ 1,638,243	\$ 23,553,257

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2015

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	\$ 1,146,844	\$ 4,328,049	\$ 1,016,909	\$ 9,924,737	\$ 1,209,649	\$ 17,626,188
Other operating receipts	6,204	65,184	19,288	32,686	3,546	126,908
Payments to vendors	(560,544)	(1,266,236)	(147,148)	(68,052)	(894,574)	(2,936,554)
Payments to employees	(577,592)	(1,160,989)	(318,236)	(8,234,749)	-	(10,291,566)
Net cash provided by operating activities	14,912	1,966,008	570,813	1,654,622	318,621	4,524,976
Cash flows from noncapital financing activities						
Transfers from other funds	-	35,000	-	-	-	35,000
Transfers to other funds	-	(26,725)	-	-	-	(26,725)
Net cash provided by noncapital financing activities	-	8,275	-	-	-	8,275
Cash flows from capital and related financing activities						
Purchase of capital assets	-	(948,519)	-	-	-	(948,519)
Principal paid on capital debt	-	(390,000)	-	-	-	(390,000)
Interest paid on capital debt	-	(77,786)	-	-	-	(77,786)
Proceeds from sale of capital assets	-	31,328	-	-	-	31,328
Net cash used in capital and related financing activities	-	(1,384,977)	-	-	-	(1,384,977)
Net change in cash and investments	14,912	589,306	570,813	1,654,622	318,621	3,148,274
Cash and investments balances, beginning of year	1,289,780	8,306,680	2,922,405	6,091,426	1,927,839	20,538,130
Cash and investments balances, end of year	\$ 1,304,692	\$ 8,895,986	\$ 3,493,218	\$ 7,746,048	\$ 2,246,460	\$ 23,686,404

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2015

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (63,925)	\$ 1,081,757	\$ 167,622	\$ 1,501,584	\$ (87,756)	\$ 2,599,282
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	88,717	825,863	-	-	-	914,580
Changes in assets and liabilities:						
Receivables, net	(2,447)	(4,669)	(6,378)	270	(1,373)	(14,597)
Prepaid items	-	2,373	-	(83,418)	465,090	384,045
Inventories	-	6,023	-	-	-	6,023
Accounts payable	4,738	38,443	11,582	18,094	-	72,857
Accrued and other liabilities	(2,187)	(3,640)	-	218,092	-	212,265
Other long-term liabilities	-	-	397,987	-	(57,340)	340,647
Accrued compensated absences	(19,241)	5,379	-	-	-	(13,862)
Net pension liability	9,009	14,074	-	-	-	23,083
Other postemployment benefits obligation	248	405	-	-	-	653
Net cash provided by operating activities	<u>\$ 14,912</u>	<u>\$ 1,966,008</u>	<u>\$ 570,813</u>	<u>\$ 1,654,622</u>	<u>\$ 318,621</u>	<u>\$ 4,524,976</u>

concluded.



CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2015

	Agency	Tax Collection Fund	44th District Court	Total
Assets				
Cash and investments	\$ 83,975	\$ 82,221	\$ 356,818	\$ 523,014
Liabilities				
Undistributed receipts	\$ 4,229	\$ 71,131	\$ 103,872	\$ 179,232
Due to other governmental units	380	-	-	380
Bonds and deposits	79,366	11,090	252,946	343,402
Total liabilities	\$ 83,975	\$ 82,221	\$ 356,818	\$ 523,014

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Agency Fund				
Assets				
Cash and investments	\$ 90,494	\$ 133,342	\$ (139,861)	\$ 83,975
Liabilities				
Undistributed receipts	\$ 16,343	\$ 127,473	\$ (139,587)	\$ 4,229
Due to other governmental units	1,340	9,705	(10,665)	380
Bonds and deposits	72,811	123,765	(117,210)	79,366
Total liabilities	\$ 90,494	\$ 260,943	\$ (267,462)	\$ 83,975
Tax Collection Fund				
Assets				
Cash and investments	\$ 36,648	\$ 161,924,088	\$ (161,878,515)	\$ 82,221
Liabilities				
Undistributed receipts	\$ 34,270	\$ 415,465	\$ (378,604)	\$ 71,131
Bonds and deposits	2,378	43,528,685	(43,519,973)	11,090
Total liabilities	\$ 36,648	\$ 43,944,150	\$ (43,898,577)	\$ 82,221
44th District Court				
Assets				
Cash and investments	\$ 182,967	\$ 1,366,653	\$ (1,192,802)	\$ 356,818
Liabilities				
Undistributed receipts	\$ 79,850	\$ 1,164,096	\$ (1,140,074)	\$ 103,872
Due to other governmental units	-	1,164,301	(1,164,301)	-
Bonds and deposits	103,117	149,829	-	252,946
Total liabilities	\$ 182,967	\$ 2,478,226	\$ (2,304,375)	\$ 356,818

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 310,109	\$ 163,424,083	\$ (163,211,178)	\$ 523,014
Liabilities				
Undistributed receipts	\$ 130,463	\$ 1,707,034	\$ (1,658,265)	\$ 179,232
Due to other governmental units	3,718	44,702,691	(44,694,939)	380
Bonds and deposits	175,928	273,594	(117,210)	343,402
Total liabilities	\$ 310,109	\$ 46,683,319	\$ (46,470,414)	\$ 523,014

concluded.

CITY OF ROYAL OAK, MICHIGAN

Balance Sheets

Component Units

June 30, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Assets				
Cash and investments	\$ 1,744,799	\$ 105,066	\$ 128,883	\$ 1,978,748
Receivables, net	28,004	491	242	28,737
Prepaid expenses	50,000	-	-	50,000
Total assets	\$ 1,822,803	\$ 105,557	\$ 129,125	\$ 2,057,485
Liabilities				
Accounts payable	\$ 32,415	\$ 179	\$ 44,168	\$ 76,762
Accrued and other liabilities	2,568	568	-	3,136
Total liabilities	34,983	747	44,168	79,898
Deferred inflows of resources				
Unavailable revenue - property taxes	24,672	294	-	24,966
Fund balances				
Unassigned	1,763,148	104,516	84,957	1,952,621
Total liabilities, deferred inflows of resources and fund balances	\$ 1,822,803	\$ 105,557	\$ 129,125	\$ 2,057,485

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
Component Units
June 30, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Fund balances for component units	\$ 1,763,148	\$ 104,516	\$ 84,957	\$ 1,952,621
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	3,920,189	-	-	3,920,189
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	24,672	294	-	24,966
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	(11,822)	(3,505)	-	(15,327)
Other postemployment benefit obligation	(110,642)	(20,491)	-	(131,133)
Certain pension-related amounts, such as the net pension liability are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds				
Net pension liability	(212,607)	(45,187)	-	(257,794)
Deferred outflows related to the net pension liability	16,700	3,550	-	20,250
Net position for component units	<u>\$ 5,389,638</u>	<u>\$ 39,177</u>	<u>\$ 84,957</u>	<u>\$ 5,513,772</u>

CITY OF ROYAL OAK, MICHIGAN

Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units

For the Year Ended June 30, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Revenues				
Taxes	\$ 3,157,476	\$ 51,029	\$ 15,107	\$ 3,223,612
Interest and rentals	9,642	551	618	10,811
Contributions and donations	128,225	-	-	128,225
Other revenues	8,535	-	-	8,535
Total revenues	3,303,878	51,580	15,725	3,371,183
Expenditures				
Current:				
Community and economic development	2,406,112	43,289	44,224	2,493,625
Change in fund balances	897,766	8,291	(28,499)	877,558
Fund balances, beginning of year	865,382	96,225	113,456	1,075,063
Fund balances, end of year	\$ 1,763,148	\$ 104,516	\$ 84,957	\$ 1,952,621

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, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Net change in fund balances - component units	\$ 897,766	\$ 8,291	\$ (28,499)	\$ 877,558
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	(107,844)	-	-	(107,844)
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.				
	(648)	(288)	-	(936)
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	(5,292)	3,357	-	(1,935)
Change in other postemployment benefit obligation	(70)	(16)	-	(86)
Change in the net pension liability and the related deferred amounts	(2,490)	(529)	-	(3,019)
Change in net position of component units	<u>\$ 781,422</u>	<u>\$ 10,815</u>	<u>\$ (28,499)</u>	<u>\$ 763,738</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 2,695,000	\$ 3,140,000	\$ 3,157,476	\$ 17,476
Interest and rentals	2,000	2,000	9,642	7,642
Contributions and donations	115,000	117,370	128,225	10,855
Other revenue	-	-	8,535	8,535
Total revenues	2,812,000	3,259,370	3,303,878	44,508
Expenditures				
Community and economic development	2,419,100	2,519,100	2,406,112	(112,988)
Net change in fund balance	392,900	740,270	897,766	157,496
Fund balance, beginning of year	865,382	865,382	865,382	-
Fund balance, end of year	\$ 1,258,282	\$ 1,605,652	\$ 1,763,148	\$ 157,496

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 48,200	\$ 48,200	\$ 51,029	\$ 2,829
Interest and rentals	220	220	551	331
Total revenues	48,420	48,420	51,580	3,160
Expenditures				
Community and economic development	45,940	45,940	43,289	(2,651)
Net change in fund balance	2,480	2,480	8,291	5,811
Fund balance, beginning of year	96,225	96,225	96,225	-
Fund balance, end of year	\$ 98,705	\$ 98,705	\$ 104,516	\$ 5,811

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 12,500	\$ 12,500	\$ 15,107	\$ 2,607
Interest and rentals	240	240	618	378
Total revenues	12,740	12,740	15,725	2,985
Expenditures				
Community and economic development	67,200	67,200	44,224	(22,976)
Net change in fund balance	(54,460)	(54,460)	(28,499)	25,961
Fund balance, beginning of year	113,456	113,456	113,456	-
Fund balance, end of year	\$ 58,996	\$ 58,996	\$ 84,957	\$ 25,961

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.	134
Revenue Capacity	These schedules contain trend information to help the reader assess the factors affecting the City’s ability to generate its property taxes.	144
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.	150
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.	160
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.	163

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

Note: GASB statement 68 was implemented in for the year ended June 30, 2015, and prior years were not restated.

Schedule 1
UNAUDITED

Fiscal Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 121,736,526	\$ 120,155,093	\$ 122,759,313	\$ 124,348,655	\$ 126,120,881	\$ 132,341,007
15,097,992	15,782,199	15,573,852	21,020,880	17,742,703	22,551,701
9,385,034	3,434,111	(741,153)	(904,202)	5,117,615	(51,921,632)
<u>146,219,552</u>	<u>139,371,403</u>	<u>137,592,012</u>	<u>144,465,333</u>	<u>148,981,199</u>	<u>102,971,076</u>
64,238,153	67,776,260	68,690,716	71,310,977	74,792,125	78,110,713
-	-	-	-	-	-
12,260,677	13,490,313	16,926,698	18,986,638	19,884,780	13,660,160
<u>76,498,830</u>	<u>81,266,573</u>	<u>85,617,414</u>	<u>90,297,615</u>	<u>94,676,905</u>	<u>91,770,873</u>
185,974,679	187,931,353	191,450,029	195,659,632	200,913,006	210,451,720
15,097,992	15,782,199	15,573,852	21,020,880	17,742,703	22,551,701
21,645,711	16,924,424	16,185,545	18,082,436	25,002,395	(38,261,472)
<u>\$ 222,718,382</u>	<u>\$ 220,637,976</u>	<u>\$ 223,209,426</u>	<u>\$ 234,762,948</u>	<u>\$ 243,658,104</u>	<u>\$ 194,741,949</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			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 11,837,178	\$ 11,820,682	\$ 9,081,988	\$ 9,178,697
Public safety	19,853,374	20,540,025	24,228,222	25,340,432
Public works	11,130,782	11,677,027	11,647,910	12,008,559
Health and welfare	488,655	469,999	602,645	720,452
Community and economic development	1,779,318	1,532,163	2,301,776	1,382,073
Recreation and culture	3,237,185	3,581,434	4,212,541	4,101,371
Interest and paying agent fees	733,419	793,776	784,438	720,676
Total governmental activities expenses	<u>49,059,911</u>	<u>50,415,106</u>	<u>52,859,520</u>	<u>53,452,260</u>
Business-type activities:				
Water & sewer	15,649,024	16,358,489	16,457,830	17,426,976
Parking	2,143,135	2,136,181	2,325,819	2,665,056
Recreation	1,973,325	1,886,696	1,960,279	1,866,341
Farmers market	259,037	266,310	327,228	344,946
Total business-type activities expenses	<u>20,024,521</u>	<u>20,647,676</u>	<u>21,071,156</u>	<u>22,303,319</u>
Total primary government expenses	<u>69,084,432</u>	<u>71,062,782</u>	<u>73,930,676</u>	<u>75,755,579</u>
Program Revenues				
Governmental activities:				
General government	4,265,247	3,859,945	4,786,182	5,032,372
Public safety	2,869,512	2,490,350	2,302,388	1,981,677
Public works	1,775,743	665,860	550,375	496,673
Health and welfare	874,274	893,850	865,648	959,100
Community and economic development	412,601	396,838	383,077	249,152
Recreation and culture	1,291,357	1,301,829	1,494,866	1,644,549
Interest and paying agent fees	854,553	777,899	-	-
Charges for services	12,343,287	10,386,571	10,382,536	10,363,523
Operating grants and contributions	2,842,985	3,146,627	3,930,593	3,186,231
Capital grants and contributions	1,972,423	1,079,263	1,163,612	873,030
Total governmental activities program revenues	<u>17,158,695</u>	<u>14,612,461</u>	<u>15,476,741</u>	<u>14,422,784</u>
Business-type activities:				
Water & sewer	19,083,625	19,659,036	20,989,462	20,039,667
Parking	2,075,657	2,215,151	2,516,001	2,570,487
Recreation	1,922,617	1,909,576	1,850,882	1,747,139
Farmers market	276,736	275,334	290,194	295,731
Charges for services	23,358,635	24,059,097	25,646,539	24,653,024
Operating grants and contributions	775,879	602,074	5,090	6,870
Capital grants and contributions	911,845	41,939	719,412	2,753,092
Total business-type activities program revenues	<u>25,046,359</u>	<u>24,703,110</u>	<u>26,371,041</u>	<u>27,412,986</u>
Total primary government program revenues	<u>65,563,689</u>	<u>63,374,668</u>	<u>67,494,321</u>	<u>66,488,794</u>
Net (Expense)/Revenue				
Governmental activities	(31,901,216)	(35,802,645)	(37,382,779)	(39,029,476)
Business-type activities	5,021,838	4,055,434	5,299,885	5,109,667
Total primary government net expense	<u>(26,879,378)</u>	<u>(31,747,211)</u>	<u>(32,082,894)</u>	<u>(33,919,809)</u>

Schedule 2
UNAUDITED

Fiscal Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 10,658,475	\$ 8,904,081	\$ 9,235,905	\$ 8,685,580	\$ 8,823,978	\$ 9,017,535
27,808,076	27,846,183	26,655,378	27,661,032	29,807,897	29,965,336
11,323,281	11,568,038	11,501,518	11,471,347	11,870,834	13,295,707
1,045,227	1,578,078	1,228,451	1,206,154	1,235,631	834,244
1,855,557	1,829,671	1,914,032	1,384,747	1,381,937	1,444,432
3,988,900	4,012,061	3,497,548	3,465,650	3,612,171	3,762,240
697,975	674,965	616,539	536,155	445,709	431,845
<u>57,377,491</u>	<u>56,413,077</u>	<u>54,649,371</u>	<u>54,410,665</u>	<u>57,178,157</u>	<u>58,751,339</u>
19,727,621	22,677,293	22,473,658	22,905,058	22,560,736	23,658,591
3,105,564	3,176,310	3,081,880	3,117,172	2,968,028	2,857,366
1,788,792	1,676,691	2,159,028	2,229,831	2,195,258	2,229,514
350,918	365,470	380,262	383,635	426,141	471,484
<u>24,972,895</u>	<u>27,895,764</u>	<u>28,094,828</u>	<u>28,635,696</u>	<u>28,150,163</u>	<u>29,216,955</u>
<u>82,350,386</u>	<u>84,308,841</u>	<u>82,744,199</u>	<u>83,046,361</u>	<u>85,328,320</u>	<u>87,968,294</u>
4,985,949	4,450,270	5,045,872	5,607,879	5,723,862	5,862,692
2,376,002	2,492,540	2,753,964	3,534,643	4,151,795	4,563,491
458,669	519,279	490,576	1,176,769	942,340	1,802,601
934,114	959,793	955,698	1,054,639	1,053,817	891,010
226,376	281,061	381,889	427,787	516,728	380,257
1,559,571	2,131,507	2,155,539	1,921,743	2,001,488	2,031,676
-	-	-	-	-	-
<u>10,540,681</u>	<u>10,834,450</u>	<u>11,783,538</u>	<u>13,723,460</u>	<u>14,390,030</u>	<u>15,531,727</u>
3,576,342	3,859,876	4,673,144	4,596,773	4,852,240	4,232,338
626,971	455,132	277,644	81,630	299,977	162,263
<u>14,743,994</u>	<u>15,149,458</u>	<u>16,734,326</u>	<u>18,401,863</u>	<u>19,542,247</u>	<u>19,926,328</u>
21,429,384	25,940,143	27,426,573	26,532,412	25,349,015	25,772,888
2,659,002	2,985,064	3,444,725	3,348,553	3,492,617	3,806,662
1,779,515	1,764,707	2,053,167	2,326,020	2,189,652	2,275,535
309,329	350,632	372,646	393,081	477,974	495,244
<u>26,177,230</u>	<u>31,040,546</u>	<u>33,297,111</u>	<u>32,600,066</u>	<u>31,509,258</u>	<u>32,350,329</u>
617,778	617,198	501,299	747,570	634,047	635,612
70,713	-	-	150,919	-	-
<u>26,865,721</u>	<u>31,657,744</u>	<u>33,798,410</u>	<u>33,498,555</u>	<u>32,143,305</u>	<u>32,985,941</u>
<u>41,609,715</u>	<u>77,847,748</u>	<u>83,829,847</u>	<u>84,500,484</u>	<u>83,194,810</u>	<u>85,262,598</u>
(42,633,497)	(41,263,619)	(37,915,045)	(36,008,802)	(37,635,910)	(38,825,011)
1,892,826	3,761,980	5,703,582	4,862,859	3,993,142	3,768,986
<u>(40,740,671)</u>	<u>(37,501,639)</u>	<u>(32,211,463)</u>	<u>(31,145,943)</u>	<u>(33,642,768)</u>	<u>(35,056,025)</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 25,266,467	\$ 26,898,481	\$ 27,578,249	\$ 27,744,049
State-shared revenues	9,562,574	9,350,955	9,251,499	8,873,213
Unrestricted investment earnings	1,471,827	1,938,968	2,068,262	998,889
Gain on sale of capital assets	32,618	30,958	-	-
Reimbursements	20,431	806,267	676,770	-
Miscellaneous	872,555	299,913	287,712	1,562,187
Transfers	1,306,707	1,287,709	689,516	631,647
Total governmental activities	38,533,179	40,613,251	40,552,008	39,809,985
Business-type activities:				
Unrestricted investment earnings	366,520	602,023	368,647	147,023
Gain on sale of capital assets	308,829	-	-	-
Miscellaneous	11,648	22,143	28,197	583,880
Transfers	(1,306,707)	(1,287,709)	(689,516)	(631,647)
Total business-type activities	(619,710)	(663,543)	(292,672)	99,256
Total primary government	37,913,469	39,949,708	40,259,336	39,909,241
Change in Net Position				
Governmental activities	6,631,963	4,810,606	3,169,229	780,509
Business-type activities	4,402,128	3,391,891	5,007,213	5,208,923
Total primary government	\$ 11,034,091	\$ 8,202,497	\$ 8,176,442	\$ 5,989,432

Schedule 2
UNAUDITED

Fiscal Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 28,573,797	\$ 26,152,857	\$ 25,576,233	\$ 34,016,290	\$ 32,605,336	\$ 39,990,264
8,228,312	8,280,285	8,392,881	8,542,746	9,043,725	8,953,377
449,343	300,004	254,940	153,669	184,685	72,513
-	-	28,303	-	14,246	31,381
-	-	-	-	-	-
862,817	477,906	478,914	287,116	663,855	316,812
2,540,203	(795,582)	1,568,859	(117,698)	(360,071)	2,380,968
<u>40,654,472</u>	<u>34,415,470</u>	<u>36,300,130</u>	<u>42,882,123</u>	<u>42,151,776</u>	<u>51,745,315</u>
228,934	182,910	159,675	-	-	-
-	-	-	-	26,077	272
278,324	27,271	56,443	-	-	-
(2,540,203)	795,582	(1,568,859)	117,698	360,071	(2,380,968)
<u>(2,032,945)</u>	<u>1,005,763</u>	<u>(1,352,741)</u>	<u>117,698</u>	<u>386,148</u>	<u>(2,380,696)</u>
<u>38,621,527</u>	<u>35,421,233</u>	<u>34,947,389</u>	<u>42,999,821</u>	<u>42,537,924</u>	<u>49,364,619</u>
(1,979,025)	(6,848,149)	(1,614,915)	6,873,321	4,515,866	12,920,304
(140,119)	4,767,743	4,350,841	4,980,557	4,379,290	1,388,290
<u>\$ (2,119,144)</u>	<u>\$ (2,080,406)</u>	<u>\$ 2,735,926</u>	<u>\$ 11,853,878</u>	<u>\$ 8,895,156</u>	<u>\$ 14,308,594</u>

concluded.

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			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 107,957	\$ 106,943	\$ 129,315	\$ 131,224
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	6,575,442	6,576,574	8,232,519	9,675,674
Total General Fund	<u>6,683,399</u>	<u>6,683,517</u>	<u>8,361,834</u>	<u>9,806,898</u>
All Other Governmental Funds				
Nonspendable	292,457	430,082	405,082	1,000
Restricted, reported in:				
Special revenue funds	13,044,833	14,652,413	15,105,248	14,189,386
Debt service funds	1,437,900	1,765,680	1,385,001	34,911
Capital projects funds	494,641	266,930	278,527	163,965
Permanent fund	3,318	3,896	21,158	10,278
Assigned	-	-	-	-
Total all other governmental funds	<u>15,273,149</u>	<u>17,119,001</u>	<u>17,195,016</u>	<u>14,399,540</u>
Total governmental funds	<u>\$21,956,548</u>	<u>\$23,802,518</u>	<u>\$25,556,850</u>	<u>\$24,206,438</u>

Schedule 3
UNAUDITED

Fiscal Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 164,319	\$ -	\$ -	\$ 37,402	\$ -	\$ 10,974
-	-	445,542	529,726	644,917	768,682
-	1,300,000	3,075,000	2,950,000	2,855,000	3,092,000
6,721,096	5,221,748	4,374,352	7,391,788	11,149,199	13,085,091
<u>6,885,415</u>	<u>6,521,748</u>	<u>7,894,894</u>	<u>10,908,916</u>	<u>14,649,116</u>	<u>16,956,747</u>
1,000	157,957	156,209	179,085	147,066	172,509
15,339,796	15,178,562	14,145,088	14,456,669	16,225,088	20,856,866
30,222	33,163	37,897	102,301	108,875	109,435
246,066	402,587	118,466	189,317	606,395	633,802
9,924	9,930	10,034	10,347	10,362	10,407
-	-	-	2,277,340	3,101,828	2,317,454
<u>15,627,008</u>	<u>15,782,199</u>	<u>14,467,694</u>	<u>17,215,059</u>	<u>20,199,614</u>	<u>24,100,473</u>
<u>\$ 22,512,423</u>	<u>\$ 22,303,947</u>	<u>\$ 22,362,588</u>	<u>\$ 28,123,975</u>	<u>\$ 34,848,730</u>	<u>\$ 41,057,220</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			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 25,401,427	\$ 26,843,146	\$ 27,791,327	\$ 27,894,711
Licenses and permits	3,176,333	2,889,242	2,561,656	2,455,968
Federal grants	3,698,693	3,082,224	2,907,622	1,787,930
State grants	9,970,737	9,803,930	9,661,102	9,261,154
Charges for services	4,812,481	3,589,406	3,735,014	3,806,309
Fines and forfeitures	4,412,285	4,145,185	4,396,589	4,175,074
Interest and rentals	1,699,490	2,120,566	2,304,081	1,320,563
Contributions and donations	624,994	507,954	1,541,430	1,811,555
Other revenue	892,986	1,106,180	964,482	1,562,187
Total revenues	54,689,426	54,087,833	55,863,303	54,075,451
Expenditures				
General government	11,810,472	12,155,896	8,630,729	9,004,224
Public safety	19,978,522	20,426,500	24,646,113	25,414,070
Public works	19,420,647	15,152,352	13,086,601	14,057,676
Health and welfare	474,420	455,470	597,709	712,703
Community and economic development	1,766,681	1,569,772	2,307,383	1,405,210
Recreation and culture	3,232,077	3,284,964	3,986,566	3,912,795
Debt service:				
Principal payments	675,000	715,000	830,000	865,000
Interest and paying agent fees	817,317	772,931	776,549	710,111
Bond issuance costs	-	-	-	-
Total expenditures	58,175,136	54,532,885	54,861,650	56,081,789
Revenue over (under) expenditures	(3,485,710)	(445,052)	1,001,653	(2,006,338)
Other Financing Sources (Uses)				
Issuance of long-term debt	5,680,000	825,000	-	-
Premium on issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	(5,581,777)	-	-	-
Transfers in	9,824,549	4,992,029	3,445,684	6,058,933
Transfers out	(8,073,240)	(3,556,965)	(2,693,004)	(5,403,007)
Proceeds from sale of assets	67,691	30,958	-	-
Total other financing sources (uses)	1,917,223	2,291,022	752,680	655,926
Net change in fund balances	\$ (1,568,487)	\$ 1,845,970	\$ 1,754,333	\$ (1,350,412)
Debt service as a percentage of noncapital expenditures	3.10%	3.00%	3.10%	2.98%

Schedule 4
UNAUDITED

Fiscal Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 28,247,608	\$ 26,381,439	\$ 25,741,884	\$ 32,657,464	\$ 33,040,104	\$ 40,327,885
2,926,558	2,691,023	3,468,967	4,231,944	4,838,254	5,346,516
1,830,199	2,001,554	3,117,674	2,536,488	2,216,600	1,840,046
8,676,226	8,703,584	8,774,561	9,021,184	9,492,853	9,675,169
3,688,251	4,281,063	4,168,570	5,303,604	4,973,544	5,606,654
3,929,759	4,129,803	4,010,892	4,057,370	4,425,958	4,546,629
675,657	498,883	499,497	525,311	557,892	465,430
1,736,650	1,255,738	1,486,024	1,338,658	2,077,707	1,272,088
862,817	477,906	478,914	408,205	884,467	583,449
<u>52,573,725</u>	<u>50,420,993</u>	<u>51,746,983</u>	<u>60,080,228</u>	<u>62,507,379</u>	<u>69,663,866</u>
8,925,132	8,331,615	8,807,176	7,999,871	8,195,123	8,805,147
26,624,516	24,534,124	23,449,671	24,773,584	26,703,494	30,347,526
13,873,005	12,460,296	13,506,755	13,547,204	14,049,998	18,827,277
688,640	765,013	708,524	769,483	805,658	858,501
1,864,821	1,843,800	1,901,247	1,426,415	1,413,899	1,416,767
3,670,704	3,549,926	3,223,250	3,262,250	3,602,859	3,815,200
910,000	945,000	985,000	1,020,000	1,095,000	1,356,000
689,500	666,865	609,981	520,597	437,427	401,704
-	-	-	-	-	32,838
<u>57,246,318</u>	<u>53,096,639</u>	<u>53,191,604</u>	<u>53,319,404</u>	<u>56,303,458</u>	<u>65,860,960</u>
<u>(4,672,593)</u>	<u>(2,675,646)</u>	<u>(1,444,621)</u>	<u>6,760,824</u>	<u>6,203,921</u>	<u>3,802,906</u>
-	-	-	4,965,000	1,127,000	2,053,000
-	-	-	292,966	-	-
-	-	-	(5,060,000)	-	(2,020,162)
9,250,201	7,427,440	5,898,961	20,175,143	21,563,760	25,286,037
(6,271,623)	(4,960,270)	(4,376,101)	(21,392,144)	(22,169,926)	(22,913,344)
-	-	-	-	-	53
<u>2,978,578</u>	<u>2,467,170</u>	<u>1,522,860</u>	<u>(1,019,035)</u>	<u>520,834</u>	<u>2,405,584</u>
<u>\$ (1,694,015)</u>	<u>\$ (208,476)</u>	<u>\$ 78,239</u>	<u>\$ 5,741,789</u>	<u>\$ 6,724,755</u>	<u>\$ 6,208,490</u>
3.01%	3.17%	3.18%	3.18%	2.90%	2.98%

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			
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	
2013	2014	1,671,311,400	379,835,840	36,914,920	-	2,088,062,160	
2014	2015	1,724,404,970	375,365,660	36,935,510	-	2,136,706,140	

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
\$ 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	15.2011	2,344,988,010	94.1%
135,277,840	9,507,670	144,785,510	2,232,847,670	15.1652	2,329,974,790	95.8%
131,328,570	9,076,090	140,404,660	2,277,110,800	15.6551	2,505,604,540	90.9%

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	Public Safety Operating	Voted Debt	
		Charter	Publications	Refuse-State	Refuse-Voted				
2005	2006	7.4806	0.0227	2.0399	0.9380	0.9709	n/a	0.3295	11.7816
2006	2007	7.4207	0.0222	2.0235	0.9304	0.9631	n/a	0.3102	11.6701
2007	2008	7.3947	0.0214	2.0164	0.7500	0.9597	n/a	0.2944	11.4366
2008	2009	7.3947	0.0213	2.0164	0.7500	0.9597	n/a	0.2912	11.4333
2009	2010	7.3947	0.0216	2.0164	0.9965	0.9597	n/a	0.2971	11.6860
2010	2011	7.3947	0.0234	2.0164	0.9965	0.9597	n/a	0.3224	11.7131
2011	2012	7.3947	0.0239	2.0164	0.9965	0.9597	n/a	0.3338	11.7250
2012	2013	7.3947	0.0225	2.0164	0.9965	0.9597	3.475	0.3363	15.2011
2013	2014	7.3947	0.0223	2.0164	0.9965	0.9597	3.475	0.3006	15.1652
2014	2015	7.3947	0.0218	2.0164	0.9965	0.9597	3.975	0.2910	15.6551

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		
2014	2015	7.3947	0.0218	2.0164	0.9965	0.9597	no limit
not to exceed \$50,000 / year							

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

Source: City Assessor's records.

County Taxes (2)	Overlapping Taxes			Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (4)		Downtown Development Authority (DDA) (5)
	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.	
5.2411	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	31.4906	7.7300	22.7100	39.2206	54.2006	1.6477
5.3361	3.3690	1.5844	6.0000	31.4547	7.7300	22.7500	39.1847	54.2047	1.6477
5.9461	3.3690	1.5844	6.0000	32.5546	7.1928	22.7500	39.7474	55.3046	1.6477

Revenue Capacity Information
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Assessment Year					
	2006			2015		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	\$ 24,131,770	1	1.12%	\$ 21,908,160	1	0.96%
Consumer's Energy	9,636,920	6	0.45%	18,709,200	2	0.82%
Beaumont Hospital	15,069,880	3	0.70%	17,034,910	3	0.75%
Metaldyne	24,101,110	2	1.12%	16,023,410	4	0.70%
Amber Equities, LLC	14,535,200	4	0.67%	14,498,250	5	0.64%
Flex-N-Gate	13,784,850	5	0.64%	12,910,240	6	0.57%
Sears/Kmart				8,143,560	7	0.36%
MacLean-Fogg				7,259,490	8	0.32%
Meijer, Inc.	7,592,030	9		6,299,190	9	0.28%
H2 Royal Oak LLC				6,154,790	10	0.27%
Co-op Services	9,562,570	7	0.44%			
Veltri Metal						
National City Bank	8,047,980	8	0.37%			
Woodland Gardens	5,612,700	10	0.26%			
Total taxable value of ten largest taxpayers	132,075,010		5.77%	128,941,200		5.66%
Total taxable value of all other taxpayers	2,025,351,160		93.88%	2,148,169,600		94.34%
Total taxable value of all taxpayers	<u>\$ 2,157,426,170</u>		<u>100.00%</u>	<u>\$ 2,277,110,800</u>		<u>100.00%</u>

Source: City Assessor

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
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%
2013	2014	34,509,624	34,431,897	99.77%	5,263	34,437,160	99.79%
2014	2015	42,085,769	41,995,560	99.79%	5,000	42,000,560	99.80%

(1): 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				
	2006	2007	2008	2009
Governmental Activities				
General obligation bonds	\$ 17,700,000	\$ 17,810,000	\$ 19,625,000	\$ 19,850,000
Business-type Activities				
General obligation bonds	23,757,387	22,437,387	21,047,387	30,132,387
Loans and contractual obligations	32,447,026	31,164,996	29,946,268	30,149,462
Total	56,204,413	53,602,383	50,993,655	60,281,849
Component Unit Activities				
General obligation bonds	525,000	425,000	300,000	150,000
Total debt of the City	\$ 74,429,413	\$ 71,837,383	\$ 70,918,655	\$ 80,281,849
Total taxable value	\$ 2,157,426,170	\$ 2,303,209,010	\$ 2,439,636,660	\$ 2,460,287,390
Ratio of total debt to taxable value	3.45%	3.12%	2.91%	3.26%
Total population	57,984	55,777	54,903	54,365
Total debt per capita	\$1,284	\$1,288	\$1,292	\$1,477

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

Source: City Finance Department

Schedule 9
UNAUDITED

2010	2011	2012	2013	2014	2015
\$ 18,610,000	\$ 17,335,000	\$ 16,005,000	\$ 14,670,478	14,302,563	\$ 12,634,354
28,317,387	26,437,387	24,957,387	23,147,426	21,597,831	15,475,000
29,280,006	27,504,922	25,650,523	23,739,452	21,778,969	24,281,284
57,597,393	53,942,309	50,607,910	46,886,878	43,376,800	39,756,284
-	-	-	-	-	-
\$ 76,207,393	\$ 71,277,309	\$ 66,612,910	\$ 61,557,356	\$ 57,679,363	\$ 52,390,638
\$ 2,446,695,995	\$ 2,268,380,950	\$ 2,222,375,760	\$ 2,205,933,330	2,232,847,670	\$ 2,277,110,800
3.11%	3.14%	3.00%	2.79%	2.58%	2.30%
56,133	57,281	54,903	59,478	59,485	59,016
\$1,358	\$1,244	\$1,213	\$1,035	\$970	\$888

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type	Net General Bonded Debt
	Limited Tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Activities Limited Tax General Obligation Bonds (LTGO)	
2006	\$ 10,050,000	\$ 7,760,000	\$ 1,437,900	\$ 23,757,387	\$ 40,129,487
2007	12,205,000	7,420,000	1,765,680	22,437,387	40,296,707
2008	12,785,000	7,065,000	1,385,001	21,047,387	39,512,386
2009	11,910,000	6,700,000	34,911	30,132,387	48,707,476
2010	11,020,000	6,315,000	30,222	28,317,387	45,622,165
2011	10,090,000	5,915,000	33,163	26,437,387	42,409,224
2012	9,175,478	5,495,000	37,897	24,957,387	39,589,968
2013	9,705,478	4,965,000	176,120	23,147,426	37,641,784
2014	9,827,563	4,475,000	108,875	21,597,831	35,791,519
2015	8,659,354	3,975,000	109,435	15,475,000	27,999,919

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

Schedule 10
UNAUDITED

Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
\$ 2,157,426,170	1.86%	57,984	\$ 692
2,303,209,010	1.75%	55,777	722
2,439,636,660	1.62%	54,903	720
2,460,287,390	1.98%	54,365	896
2,446,695,995	1.86%	56,133	813
2,268,380,950	1.87%	57,281	740
2,222,375,760	1.78%	57,364	690
2,205,933,330	1.71%	59,478	633
2,232,847,670	1.21%	59,485	455
2,277,110,800	1.23%	59,016	474



Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
June 30, 2015

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 52,390,638	\$ 29,925,435	\$ 22,465,203	\$381	0.99%
Overlapping Debt:					
	Gross (1)	City share as % of Gross (1)	Net City Share		
Royal Oak School District	\$ 40,765,000	96.95%	\$ 39,521,668		
Berkley School District	68,065,000	1.88%	1,279,622		
Clawson School District	30,531,132	0.92%	280,886		
Oakland County at large	426,396,226	4.53%	19,315,749		
Oakland Intermediate School District	54,540,000	4.55%	2,481,570		
Oakland County Community College	<u>2,355,000</u>	4.56%	<u>107,388</u>		
Total Overlapping Debt	<u>622,652,358</u>		<u>62,986,883</u>	<u>1,067.28</u>	<u>2.77%</u>
Total Direct and Overlapping Debt	<u>\$ 675,042,996</u>		<u>\$ 85,452,086</u>	<u>\$1,448</u>	<u>3.76%</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	2006	2007	2008	2009
Valuation base				
State equalized valuation - excluding IFT values	\$ 2,871,525,690	\$ 3,012,515,470	\$ 3,114,268,450	\$ 2,986,475,590
Plus: equivalent valuation of Act 198 exemptions	265,640	3,177,250	4,931,860	4,893,960
Total valuation	<u>\$ 2,871,791,330</u>	<u>\$ 3,015,692,720</u>	<u>\$ 3,119,200,310</u>	<u>\$ 2,991,369,550</u>
Legal debt limitation - 5% of total valuation	<u>\$ 143,589,567</u>	<u>\$ 150,784,636</u>	<u>\$ 155,960,016</u>	<u>\$ 149,568,478</u>
Calculation of debt subject to limit:				
Debt outstanding	75,282,703	71,837,383	70,918,655	76,207,393
Less: bonds not subject to limit	(46,219,294)	(44,273,335)	(43,878,655)	(46,396,849)
Net debt subject to limit	<u>29,063,409</u>	<u>27,564,048</u>	<u>27,040,000</u>	<u>29,810,544</u>
Additional debt which can be legally incurred	<u>\$ 114,526,158</u>	<u>\$ 123,220,588</u>	<u>\$ 128,920,016</u>	<u>\$ 119,757,934</u>
Non-exempt debt as a percent of debt limit	20.24%	18.28%	17.34%	19.93%

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 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.

Schedule 12
UNAUDITED

2010	2011	2012	2013	2014	2015
\$ 2,808,167,535	\$ 2,462,441,170	\$ 2,349,535,700	\$ 2,335,410,970	\$ 2,320,467,120	\$ 2,496,528,450
4,908,820	5,712,590	14,124,730	9,577,040	9,507,670	9,076,090
<u>\$ 2,813,076,355</u>	<u>\$ 2,468,153,760</u>	<u>\$ 2,363,660,430</u>	<u>\$ 2,344,988,010</u>	<u>\$ 2,329,974,790</u>	<u>\$ 2,505,604,540</u>
\$ 140,653,818	\$ 123,407,688	\$ 118,183,022	\$ 117,249,401	\$ 116,498,740	\$ 125,280,227
71,277,309	66,612,910	66,612,910	61,696,839	57,679,363	52,390,638
(44,452,393)	(26,437,387)	(38,897,910)	(35,986,839)	(33,001,356)	(29,925,435)
<u>26,824,916</u>	<u>40,175,523</u>	<u>27,715,000</u>	<u>25,710,000</u>	<u>24,678,007</u>	<u>22,465,203</u>
<u>\$ 113,828,902</u>	<u>\$ 83,232,165</u>	<u>\$ 90,468,022</u>	<u>\$ 91,539,401</u>	<u>\$ 91,820,733</u>	<u>\$ 102,815,024</u>
19.07%	32.56%	23.45%	21.93%	21.18%	17.93%



Debt Capacity Information

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water/Sewer Bonds and Contractual Obligations						
	Water & Sewer Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
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%
2014	25,349,015	19,365,128	5,983,887	2,985,482	988,274	3,973,756	151%
2015	25,772,888	20,325,789	5,447,099	3,075,921	910,921	3,986,842	137%

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)
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
2014	29,399	59,485	55,761	3,316,943	37.8	5,171
2015	29,192	59,016	57,035	3,365,978	37.8	4,900

Source:

- (1) U.S. Census and SEMCOG
- (2) 2006-2010 U.S. Department of Commerce, Bureau of Economic Analysis, Regional Bearfacts for Oakland County, MI. 2011-2015 Estimated using last year available.
- (3) U.S. Census estimates
- (4) Royal Oak Schools Fall enrollment count. (estimate, 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.

Schedule 14
UNAUDITED

Royal Oak (5)		Michigan (5)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
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%
33,955	5.0%	4,812	7.9%
36,941	3.0%	4,806	6.0%

Demographic and Economic Information

Principal Employers
Current Year and Nine Years Ago

Company Name	Product/Service	2006			2015		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	10,452	1	29.03%	10,514	1	30.81%
Oakland Community College	Education				602	2	1.76%
City of Royal Oak	Municipality	500	3	1.39%	496	3	1.45%
Royal Oak School District	Education	895	2	2.49%	476	4	1.40%
Flex-N-Gate Royal Oak	Automotive supplier				350	5	1.03%
Consumers Energy	Utility	200	8	0.56%	350	6	1.03%
HHI - Form Tech Industries LLC	Automotive Supplier				345	7	1.01%
Detroit Zoological Society	Zoo				334	8	0.98%
Holiday Market	Grocery store				300	9	0.88%
Meijer, Inc.	Retailer/grocery store	450	4	1.25%	291	10	0.85%
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		<u>13,765</u>		<u>38.23%</u>	<u>14,058</u>		<u>41.20%</u>

Sources: Royal Oak Finance Department

Operating Information

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	32	31	29	29	27	20	20	26	24	26
Other police vehicles	21	15	16	16	13	15	15	15	25	24
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	4	4
Mobile command center	1	1	1	1	1	0	0	0	0	0
Other fire vehicles	*	*	*	*	*	*	*	*	10	10
Public Parking										
Spaces	3,445	3,445	3,424	3,678	3,678	3,678	3,678	3,678	3,730	3,815
Decks	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
Lots	778	821	1,092	1,244	1,380	1,380	1,380	1,380	1,380	1,473
Streets	757	757	750	766	766	766	766	766	818	810
Meters	1,676	1,717	1,950	2,010	2,151	2,151	2,210	2,210	2,203	2,203
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	51
Park acreage	310	310	310	310	310	310	310	310	310	352
Golf courses/holes	2 / 9 ea.	2 / 9 ea.	1 / 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	32/ 1 pickle	32/1 pickle	31/2 pickle
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	132,186	139,843	153,499	175,713	185,301	177,803	181,523	181,474	186,223	184,362
Public computers	36	36	36	36	36	47	44	44	38	38
Roads and Sidewalks										
Miles of major streets	*	64.40	64.40	64.40	64.40	64.40	64.40	63.96	63.96	63.96
Miles of local streets	*	148.27	148.27	148.27	148.27	148.27	148.27	148.24	148.41	148.41
Miles of sidewalk	*	420	420	420	420	420.5	420.6	421.3	422	423
Utilities										
Water										
Miles of water main	215	215	215	215.50	215.50	217.00	217	217.60	218	219
Miles of sewer	357	357	357	357.70	357.70	358.50	359	358.65	359	361
Number of hydrants	2,062	2,064	2,064	2,070	2,070	2,111	2,115	2,127	2,138	2,138
Forestry										
Number of trees in rights-of-way	*	21,138	23,121	23,121	23,121	20,781	22,048	20,541	20,262	27,149

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	2006	2007	2008	2009
Election data (calendar year)				
Registered voters	46,047	46,111	47,881	47,374
Elections held	3	1	3	1
Voters (at the polls or absentee)	27,746	8,222	35,357	8,553
Percent voting	60.3%	17.8%	73.8%	17.7%
Vital Records (calendar year)				
Birth	6,094	6,107	5,975	8,404
Death	1,995	2,143	2,046	2,017
District Court				
Number of court cases by judges/magistrates	18,414	16,152	17,615	15,879
Number of traffic tickets disposed	27,157	28,146	24,626	20,692
Number of criminal cases disposed	2,706	2,986	4,376	3,354
Number of civil cases disposed	2,662	2,765	3,138	3,288
Number of parking tickets disposed	68,526	86,140	91,226	77,403
Assessing				
Parcels (tax / calendar year)	24,172	24,280	27,867	27,754
Documents processed (prior to 2008 PTAs only)	864	841	3,344	1,254
Building and Safety				
Permits issued	1,522	1,375	1,289	564
Estimated permit value (\$000)	\$109,009	\$53,464	\$53,075	\$6,859
Police (calendar year, 2009 through June 30)				
Calls for service	33,733	31,743	32,140	31,602
Group A offenses	3,899	3,776	3,616	3,242
Group B offenses	2,205	2,621	2,590	2,478
Traffic violations issued	26,956	21,635	20,934	17,212
Parking violations issued	67,519	92,136	79,776	86,322
Fire				
Fire runs	1,492	1,620	1,869	1,532
Emergency medical runs	3,573	3,590	3,951	3,828
Inspections	259	261	271	291
Human Resources				
Employment applications - full & part-time	985	986	329	548
Hires, position changes, retirements, terminations	64	45	61	49
Workers' comp. claims filed - medical & indemnity	59	62	83	64
Health insurance enrollees - Employees	321	311	300	287
Health insurance enrollees - Retirees	386	389	380	379

Source: City Departments

Note: * Information not available

Schedule 17
UNAUDITED

2010	2011	2012	2013	2014	2015
48,167	48,167	49,034	49,080	49,124	48,202
1	1	3	1	2	2
7,456	7,456	34,607	12,555	23,734	12,305
15.5%	15.5%	70.6%	25.6%	48.3%	25.5%
5,053	5,070	5,983	5,072	5,384	*
1,870	1,823	1,693	1,767	1,435	*
17,263	15,636	14,701	13,140	15,223	18,969
18,797	13,906	13,836	12,835	14,495	15,095
4,743	4,503	1,968	3,913	3,141	4,269
3,358	3,024	2,879	2,945	2,561	2,349
87,650	98,003	97,425	93,388	95,643	93,115
27,632	27,608	27,641	27,641	27,693	27,791
1,194	4,479	4,061	4,284	9,561	8,190
1,636	1,741	1,601	1,779	2,030	2,374
\$34,772	\$30,539	\$33,116	\$70,480	\$81,609	\$77,778
31,111	29,887	37,297	40,744	44,616	*
2,949	2,963	2,601	2,305	2,205	*
2,199	1,948	1,179	1,271	1,228	*
15,221	13,659	13,035	12,317	14,147	*
88,830	97,391	93,661	96,385	92,454	*
1,625	1,806	1,824	2,020	2,158	2,277
3,537	3,711	3,898	3,993	3,789	3,778
513	435	515	448	464	
332	333	822	1,007	901	1,142
78	202	107	154	290	383
66	61	61	63	57	41
293	242	254	266	225	242
391	408	438	440	420	434

continued...

CITY OF ROYAL OAK, MICHIGAN

Operating Information

Operating Indicators by Function/Program
Last Ten Fiscal Years
Fiscal Year Ending June 30

Function / Program	2006	2007	2008	2009
Library (The library was closed for eight months in FY 2006 during remodeling.)				
Cardholders - new registrations	*	*	4,415	4,860
Cardholders - total registrations	29,812	24,364	25,771	28,166
Circulation - number of transactions	155,864	336,445	360,333	405,067
Number of visitors	75,000	296,578	481,986	618,279
Number of computer uses	31,037	104,043	97,482	77,910
Number of programs/events offered	*	345	435	549
Number of program/event attendees	*	9,513	13,180	15,862
Parks and recreation				
Ice rental and other use (hours per calendar year)	7,702	7,458	7,496	7,820
Recreation program participants	12,527	15,124	15,756	16,208
Golf Course				
Rounds of Golf - Normandy Oaks	*	15,107	17,230	16,136
Rounds of Golf - Royal Oak	*	25,883	27,140	26,017
Senior Programs				
Senior activity sessions	4,585	4,000	3,794	3,879
Senior activity participants	98,685	70,909	93,275	95,832
Senior meals served on-site and delivered	55,712	62,100	42,168	34,010
Senior transportation trips	17,321	18,000	18,120	18,690
Senior AGE program - Service Hours	24,000	24,000	24,000	24,000
Senior ROSES program in-home support jobs	2,300	2,000	2,045	2,542
Public Works / Engineering				
Miles of street resurfaced	0.46	0.00	2.11	3.00
Square feet of sidewalk - removed & replaced	329,738	*	22,364	31,000
Square feet of sidewalk - new	55,311	*	9,973	1,000
Curbside refuse collected (tons)	28,620	27,778	28,690	24,939
Curbside compost collected (tons)	6,706	9,006	10,829	10,432
Curbside recyclables collected (tons)	3,477	3,043	3,415	3,654
Leaf collection (tons)	9,680	3,900	5,125	3,643
Feet of watermain - replaced	3,830	3,693	8,373	9,765
Feet of watermain - new	306	1,165	1,160	2,333
Feet of sewer - replaced	3,111	579	1,625	1,967
Feet of sewer - new	0	1,708	2,155	989
Utilities - Water and Sewer				
Number of customers billed	23,802	23,848	23,873	23,894
Water units purchased (100 cubic feet)	315,553,300	332,034,800	293,807,500	278,193,100
Water units billed (100 cubic feet)	304,626,900	280,103,918	288,715,060	261,780,300
Wastewater units disposed (100 cubic feet)	311,874,000	302,249,700	293,592,500	277,958,800

Source: City Departments

Note: * Information not available

Schedule 17
UNAUDITED

2010	2011	2012	2013	2014	2015
4,620	4,064	3,677	3,648	3,667	3,697
30,700	31,762	32,262	32,367	30,855	32,914
423,356	455,847	451,097	405,101	393,843	378,252
653,482	651,552	572,957	519,595	341,951	213,784
65,858	64,075	74,560	66,234	55,699	42,871
532	510	704	521	483	439
14,664	16,172	16,323	15,441	14,093	10,885
7,459	7,511	*	7,888	7,932	8,087
16,548	16,560	16,600	16,688	16,320	16,055
14,224	10,275	9,536	9,127	8,432	0
24,354	17,970	17,340	16,240	16,187	20,760
4,019	4,147	4,176	4,214	3,994	3,981
96,549	90,641	95,742	87,787	84,614	74,266
34,496	28,208	24,052	13,429	11,378	11,340
16,755	15,249	14,101	12,611	12,571	13,559
19,675	24,000	24,000	24,000	24,000	24,000
2,617	3,164	3,839	2,090	2,073	2,074
3.38	2.60	2.52	2.33	1	1
43,465	29,583	242,330	299,618	365,765	287,645
2,069	1,100	1,989	19,363	23,533	18,952
23,587	23,226	22,780	22,145	20,717	29,341
10,337	9,943	7,770	7,730	11,143	11,115
3,754	3,940	3,908	4,690	3,655	3,906
3,256	10,340	3,677	3,330	3,550	3,260
6,048	8,270	5,323	10,160	10,127	11,838
2,527	499	892	840	0	2,781
0	0	0	0	60	635
0	0	801	801	3,265	2
23,892	23,907	23,912	23,929	23,264	23,159
260,659,900	266,638,900	275,758,400	262,629,400	250,522,400	247,902,200
247,389,000	264,545,100	248,509,201	246,613,100	233,014,700	215,800,400
264,178,600	266,435,300	275,555,200	262,378,200	232,943,600	215,790,000

concluded.

Operating Information

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

Function/Program	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
44th District Court/Probation	22	22	22	22	22	20	20	20	20	22
Administrative Services										
Manager	2	2	2	2	2	2	2	3	3	5
Attorney	5	4	5	4	4	3	3	3	4	4
City Clerk	4	4	4	4	5	4	4	4	5	5
Human Resources	4	4	4	4	4	2	2	2	2	3
Building	11	11	11	11	8	5	5	5	6	11
Code Enforcement	6	5	5	4	6	4	2	2	5	5
Engineering	11	10	10	10	10	7	9	7	7	8
Planning	6	5	5	5	4	4	4	3	4	3
Block Grant	3	3	3	2	1	1	1	1	1	-
Housing	2	2	2	1	2	1	1	-	-	1
Finance Group	6	6	6	6	6	6	5	5	5	6
Assessing	5	4	4	4	4	4	3	3	3	4
Purchasing	1	1	1	1	-	-	-	-	-	-
Treasurer	5	5	5	5	4	4	4	4	3	3
Water Billing	2	2	2	1	1	1	1	1	1	1
Information Systems	6	6	6	4	4	4	4	4	4	4
Economic Development	-	-	-	-	-	-	-	-	-	1
Subtotal	<u>79</u>	<u>74</u>	<u>75</u>	<u>68</u>	<u>65</u>	<u>51</u>	<u>49</u>	<u>46</u>	<u>52</u>	<u>85</u>
Library	<u>12</u>	<u>14</u>	<u>13</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>9</u>
Public Safety										
Police	107	106	107	103	98	82	77	81	96	97
Fire	70	65	63	63	62	56	56	56	56	56
Subtotal	<u>177</u>	<u>171</u>	<u>170</u>	<u>166</u>	<u>160</u>	<u>138</u>	<u>133</u>	<u>137</u>	<u>152</u>	<u>153</u>
Recreation & Public Services										
Public Service										
Parks & Forestry	13	8	8	8	8	2	8	7	7	7
CH Building Maintenance	2	2	2	2	2	2	2	2	2	2
Highway	14	16	16	14	14	-	-	-	-	-
Motor Pool	12	12	12	11	11	10	9	9	9	9
Electrical	2	2	1	1	1	1	-	-	-	-
Solid Waste	1	1	1	1	2	15	13	14	14	14
Water Maintenance	8	9	9	9	8	12	8	7	7	7
Water Meter Services	6	6	6	6	6	5	5	4	4	4
Sewer Maintenance	9	9	9	9	8	9	8	7	7	7
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	3	2	2	2	2	2	2	2	2	2
Ice Arena	1	1	1	1	1	1	-	-	-	-
Senior Services	2	2	2	2	2	2	1	1	1	1
Subtotal	<u>76</u>	<u>73</u>	<u>72</u>	<u>69</u>	<u>68</u>	<u>64</u>	<u>59</u>	<u>56</u>	<u>56</u>	<u>56</u>
Total	<u>366</u>	<u>354</u>	<u>352</u>	<u>338</u>	<u>327</u>	<u>285</u>	<u>272</u>	<u>269</u>	<u>290</u>	<u>303</u>

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

Source: City Finance Department