CITY OF ROYAL OAK

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2012

This page intentionally left blank.

City of Royal Oak, Michigan

Year Ended June 30, 2012

Comprehensive Annual Financial Report

City Commission

Mayor
James B. Ellison

Mayor Pro Tem
Patricia Capello

Commissioners

Kyle Dubuc
Michael Fournier
Peggy Goodwin
David J. Poulton
James Rasor

Administration

City Manager
Donald E. Johnson

Director of Finance
Julie Rudd

Controller
Anthony C. DeCamp

Prepared by the Finance Department

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

Table of Contents

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

INTRODUCTORY SECTION

This page intentionally left blank.

December 11, 2012

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, 2012. The City of Royal Oak Charter and State statute require that the City of Royal Oak issue a report annually, within six months of the close of each fiscal year, on its financial position and activity, and that this report be audited by an independent firm of licensed certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City's management. City management has established a balanced internal control framework that is designed both to protect the government's assets from theft, misuse, and loss and to accumulate sufficient reliable information for the preparation of the City's financial statements in compliance with GAAP (Generally Accepted Accounting Principles). Due to the understanding that the cost of internal controls should not outweigh the benefit, the City's internal control methods have been designed to provide reasonable assurance that the financial statements are free from material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the City of Royal Oak.

The financial statements and supplemental schedules contained in the financial section herein have been independently audited by Rehmann Robson, Certified Public Accountants. The City has received an unqualified opinion for the June 30, 2012 fiscal year's statements. An unqualified opinion is the most favorable opinion that can be issued. The auditor's opinion does not encompass information in the introductory or the statistical sections of this report. The independent auditor's report is located prior to the MD&A (Management Discussion & Analysis) letter.

Profile of the City of Royal Oak

The City of Royal Oak is a metropolitan Detroit suburb located in southeastern Oakland County, Michigan. The approximately 12 square mile community is located ten miles north of downtown Detroit. Royal Oak's history dates back to the extension of the railroad line from Detroit to Pontiac. In recent years, the City has experienced resurgence as a regional entertainment destination, dynamic place to live and meeting grounds for creative minds. Today, it is estimated that Royal Oak is home to about 57,000 residents.

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

The City offers a variety of recreational and cultural activities, which enhances the quality of life for residents and also attracts large numbers of visitors. Royal Oak has worked hard to earn a reputation for being an entertainment destination for all of southeast Michigan, with an eclectic blend of restaurants, retail storefronts, theatres, galleries and festival-like events. Downtown Royal Oak also boasts the City owned Farmer's Market. The market is a source of great community pride and history.

Royal Oak is host to many annual community art fairs and special events including weekly summer concerts, the Holiday Magic Parade held in November, and the Woodward Dream Cruise, the world's largest one day car event. For the third year, the City hosted the annual Arts, Beats & Eats festival during Labor Day weekend, attracting hundreds of thousands of visitors.

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

All of the above activities have served to retain better residential and commercial property values in the City of Royal Oak relative to the County average. The amenities help to make the City "a dynamic balance of progressive vision and traditional values, offering an inviting, premiere and diverse community"* for residents and visitors. **City's vision statement.*

Government

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

Royal Oak is a full service city providing a wide range of services including police and fire protection, construction and maintenance of highways, roads, streets and underground infrastructure, planning and zoning, building inspection, and library services. In addition, the City operates water/sewer utilities, an automobile parking system, recreation programs, a farmer's market, and an ice arena as enterprise funds which are self funded.

Local Economy and Demographics

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

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

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

Royal Oak's labor force is approximately 33,122 persons with per household personal income at approximately $50,000. Royal Oak's unemployment rate for August 2012 was 5.9% compared favorably to the state unemployment rate of 9.2% for the same period.

The Budget and Capital Improvement Plan

The City prepared a detailed budget with a four year outlook to assist with the financial planning, especially important in these fiscally difficult times. This long-term financial planning is included in Royal Oak's budget which makes general financial projections for four years. For each fund, a summary table shows beginning fund balance, projected revenue, projected expenditures, projected transfers, and projected ending fund balance for each year of the four year projected period. The FY2012-13 original budget provides for the use of nearly all of the general fund fund balance by the end of fiscal year 2013-14. Fortunately, on November 6, 2012 the voters of Royal Oak approved a ballot proposal that would authorize the City to levy up to 3.975 mills for police, fire and EMS operations for five years. The City plans to levy 3.475 mills for the first two years and the maximum levy for the last three years. Over the next five years, this millage is expected to generate $38.5 million to support the police and fire/EMS operations. Due to the reallocation of resources caused by the new millage, the general fund will be able to maintain a healthier fund balance. As of a November 12, 2012 budget amendment, the general fund will contribute nearly $3.1 million to fund balance in fiscal year 2012-13.

The ice arena fund ended the year in a $193,363 negative unrestricted net asset position, an improvement from a $291,791 negative unrestricted net asset position in the prior year. A revised deficit elimination plan will be provided to the State of Michigan in December. A recently hired ice rink management firm has been in place for approximately one year and revenues are anticipated to increase due to programming changes. By year end FY2012-13, this fund is anticipated to have the negative unrestricted net asset position down to approximately $52,000, however if the capital improvements budgeted are not performed this year, then the fund may be out of its negative unrestricted net asset position June 30, 2013. All other funds ended the year in a positive position.

For a second year, the City administration prepared a more comprehensive six year Capital Improvement Plan (CIP). The CIP was unanimously adopted by the Planning Commission prior to the end of the fiscal year 2012/13 budget process. This capital project plan is also included in the budget document. The CIP includes all of the planned capital projects and reports the possible sources of funding by project for the next six years totaling over $80 million. The next years CIP plan document hopes to provide a more refined analysis on future costs and savings from capital projects. Refinement of the project rating process is another desired improvement in the years ahead.

Financial Policies

The City Commission has financial policies covering attrition, capital assets, capital improvement projects, debt management, fund balance, investments and retirement contributions. The City Commission adopted the fiscal year 2011-12 budget with the understanding that they would be deviating from the Fund Balance Policy in the long-term, however they did not wish to change the policy language. *The specific policies can be reviewed in the Budget Highlight section of the budget document.*

Internal Controls

Management of the City is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions; however due to the recent downsizing of the Finance Office this is becoming extremely difficult to accomplish 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.

Since the implementation of a new integrated financial management system in fiscal year 2011-12, we have provided better financial information for managerial purposes and improved potential for budgetary control which includes executing point of sale revenue recording (as opposed to monthly), easy "drill-down" capability for detail on all general ledger accounts, and increased use of encumbrance accounting.

Grants

The City took advantage of numerous multi-year grants as a source of revenue this past year. The City received $255,763 for the Energy Efficiency and Conservation Block Grant Program (EECBG), $134,807 for the Homeless Prevention (HPRP) and $144,583 for the Early Retiree Reinsurance Program (ERRP). The City received nearly $1.5 million from the Staffing For Adequate Fire & Emergency Response Grant (SAFER) for reimbursement for firefighters wages and benefits worked in fiscal year 2011-12. Over two years, the City will receive a total of $2.5 million from the SAFER grant.

City-Wide Savings

Major labor settlements have occurred with all of the employee labor units in the last two years. Wage and benefit concessions from the groups are equivalent to over 15 percent of wages or over $2.6 million when annualized. Most of the general employee labor groups are in the second year of continued concessions. The Fire Fighters and Police labor units settled their agreements in the last six months of fiscal year 2011-12. All labor agreements are settled through June 30, 2012. In addition to the wage and benefit concessions taken by the employees, the number of budgeted full-time employees is down by 94 or over 25% in the last six years. However, due to the passage of the recent millage proposal, twenty-two positions (mostly in the Police Department) are planned to be filled.

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

The International City/County Management Association (ICMA) has been contracted by the City to perform a police and fire operation study. The study results were delivered in fiscal year 2011-12 and included an analysis of the service and workload of these departments with a focus on how to deliver the services in the most cost effective manner. The study recommended maintaining the Fire Department with the current staffing, however, the study proposes the addition of 19.5 employees to the Police Department as opposed to personnel cuts.

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, 2011. 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 2011-12. We hope this comprehensive report assists its readers in understanding the City's financial status.

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

Respectfully submitted,

Julie Rudd
Director of Finance

Approved,

Donald E. Johnson
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Royal Oak Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

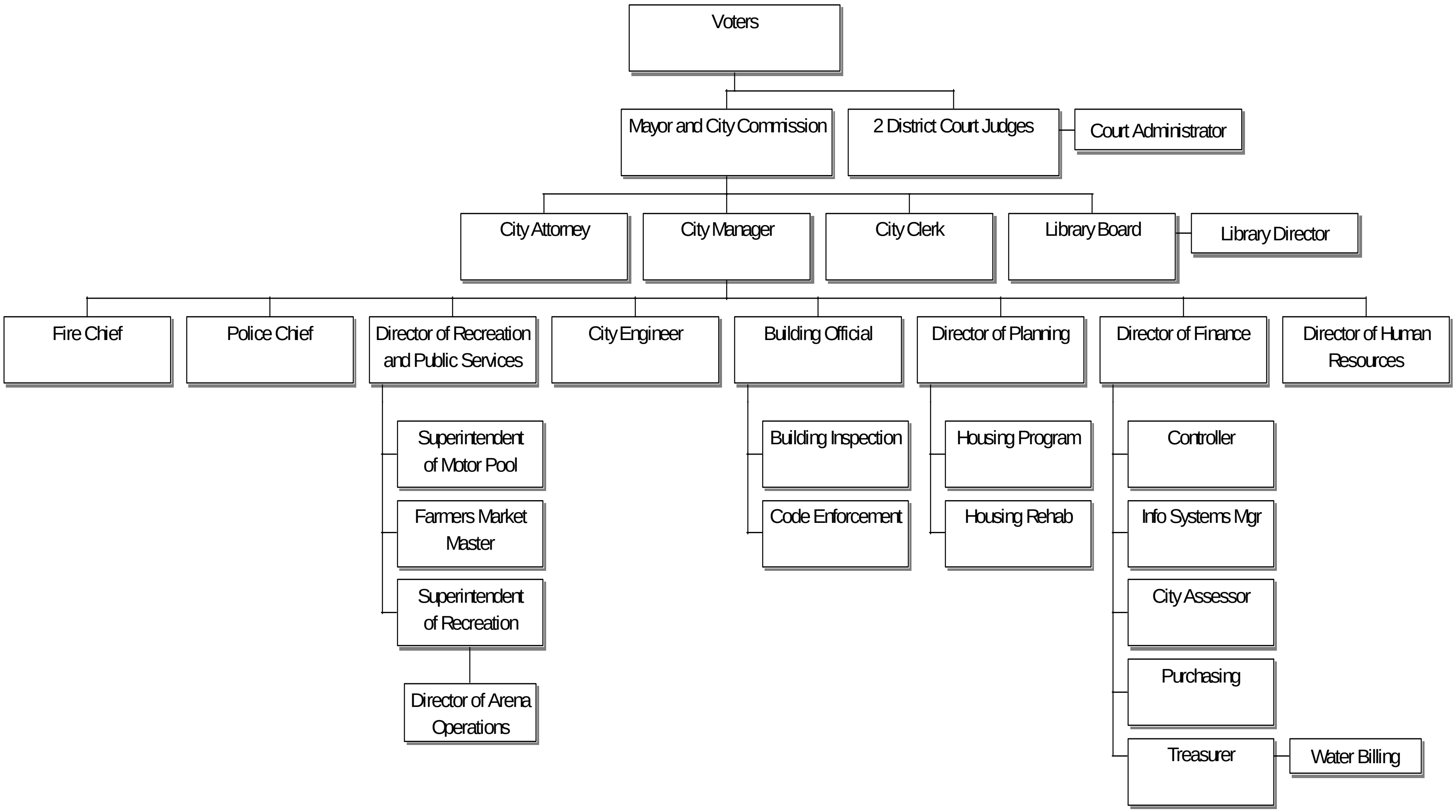
Linda C. Davison

President

Jeffrey R. Esser

Executive Director

CITY OF ROYAL OAK, MICHIGAN
Organization Chart
As of June 30, 2012



CITY OF ROYAL OAK, MICHIGAN
Principal Officials
As of June 30, 2012

City Manager	Donald E. Johnson
City Attorney	David W. Gillam
Director of Finance	Julie Rudd
Building Official	Jason R. Craig
City Assessor	James M. Geiermann
City Clerk	Melanie Halas
Interim City Engineer	Matt Callahan
City Treasurer	John F. Kravitz
Controller	Anthony C. DeCamp
Court Administrator	Gerald A Tarchala
Director of Planning	Timothy E. Thwing
Director of Recreation and Public Services	Gregory J. Rassel
Fire Chief	Chuck Thomas
Director of Human Resources	Mary Jo DiPaolo
Director of the Library	Mary Karshner
Manager of Information Systems	Scott L. Newman
Police Chief	Corrigan O'Donohue
Superintendent of Recreation	Tod A. Gazetti

FINANCIAL SECTION

Rehmann Robson
1500 W. Big Beaver Road
2nd Floor
Troy MI 48084
Ph: 248.952.5000
Fx: 248.952.5750
www.rehmann.com

INDEPENDENT AUDITORS' REPORT

December 11, 2012

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Royal Oak, Michigan* (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Royal Oak, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to 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, 2012, 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.

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated December 11, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions for the pension and other postemployment benefit plans, as identified 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 assurance.

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 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Rehmann Robson

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

The assets of the City of Royal Oak exceeded its liabilities at the close of the most recent fiscal year by $223,373,902 (net assets). Of this amount, $16,350,021 (unrestricted net assets) may be used to meet the government's ongoing obligations to residents and creditors.

- The government's total net assets increased by $2,735,926 as compared to a $2,080,406 decrease in the previous year.

- As of the close of the current fiscal year, the City of Royal Oak's governmental funds reported combined ending fund balances of $22,382,186. Approximately 20% of this total amount, $4,374,352 is unassigned, all in the general fund.

- At the end of the current fiscal year, the $4,374,352 of unassigned fund balance for the general fund was 13% of total general fund expenditures. The City's current fund balance policy is to maintain unassigned at ten percent of budgeted expenditures but no more than twenty five percent of budgeted expenditures.

- General fund tax revenue decreased by $441,828 or 2.6% and total City tax revenue declined $576,624 or 2.2% due to lower taxable valuations.

- Total governmental fund expenditures increased by $94,965 or 0.2% and general fund expenditures decreased by $1,221,876 or 3.5% due to lower personnel costs including less monies contributed toward the OPEB (Other Post Employment Benefits) trust which is the City's retiree healthcare trust.

Overview of the Financial Statements

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

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

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

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

Management's Discussion and Analysis

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

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and agency funds are presented immediately following the required supplementary information on pensions.

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Royal Oak, assets exceeded liabilities by $223,373,902 at the close of the most recent fiscal year.

By far the largest portion of the City of Royal Oak's net assets (86 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Royal Oak uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. Although the City of Royal Oak's investment in its capital assets is reported net of related debt,it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Royal Oak's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($16,350,021) may be used to meet the government's ongoing obligations to residents and creditors, a decrease of $574,403 from 2011.

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

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 45,197,623	$ 42,234,695	$ 25,191,892	$ 20,549,960	$ 70,389,515	$ 62,784,655
Capital assets, net	138,505,100	137,207,029	115,187,508	117,215,258	253,692,608	254,422,287
Total assets	183,702,723	179,441,724	140,379,400	137,765,218	324,082,123	317,206,942
Long-term liabilities	20,789,797	22,073,211	50,307,968	53,626,650	71,097,765	75,699,861
Other liabilities	25,156,438	17,997,110	4,454,018	2,871,995	29,610,456	20,869,105
Total liabilities	45,946,235	40,070,321	54,761,986	56,498,645	100,708,221	96,568,966
Net assets:						
Invested in capital assets, net of related debt	122,759,313	120,155,093	68,690,716	67,776,260	191,450,029	187,931,353
Restricted	15,573,852	15,782,199	-	-	15,573,852	15,782,199
Unrestricted (deficit)	(576,677)	3,434,111	16,926,698	13,490,313	16,350,021	16,924,424
Total net assets	$ 137,756,488	$ 139,371,403	$ 85,617,414	$ 81,266,573	$ 223,373,902	$ 220,637,976

The City's net assets increased by $2,735,926 during the current fiscal year as compared to a $2,080,406 decrease in the previous year. The increase is mostly attributed to an increase in current and other assets. It is important to report that the OPEB liability jumped 72% to $17,109,288.

Governmental Activities

Governmental activities decreased the City of Royal Oak's net assets by $1,614,915 as compared to a $6,848,149 decrease in the previous year, a difference of $5,233,234 between the two years. This difference is due to the net effect of $1,105,087 more in revenue from increased licenses/permits (primarily PEG receipts) and fines/forfeitures (primarily increased court fines), a decrease of general government expenses in the amount of $1,763,706 from personnel costs and additional engineering costs being allocated to specific projects, and public safety and public works activities expenditures that continue to far exceed their program revenues (see graph below).

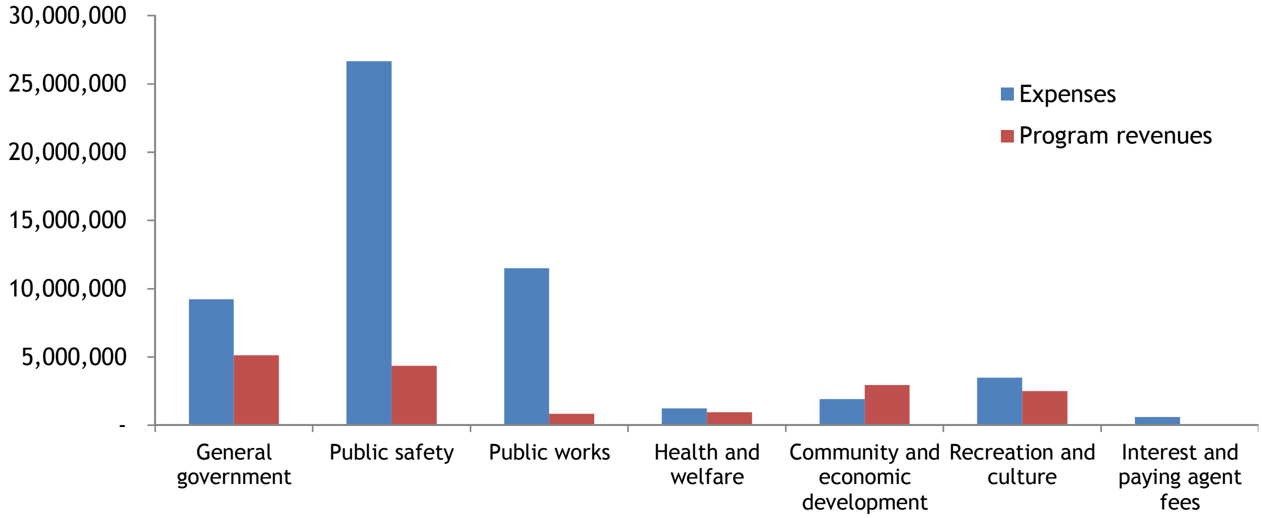
Business-type Activities

Business-type activities increased the City of Royal Oak's net assets by $4,350,841 as compared to a $4,767,743 increase in the previous year, a difference of $416,902 mostly due to charges for services for parking in the auto parking fund. Program revenues and expenses are close to equal with the exception of the water and sewer fund as this fund has been collecting monies to pay cash for ongoing budgeted capital infrastructiure projects.

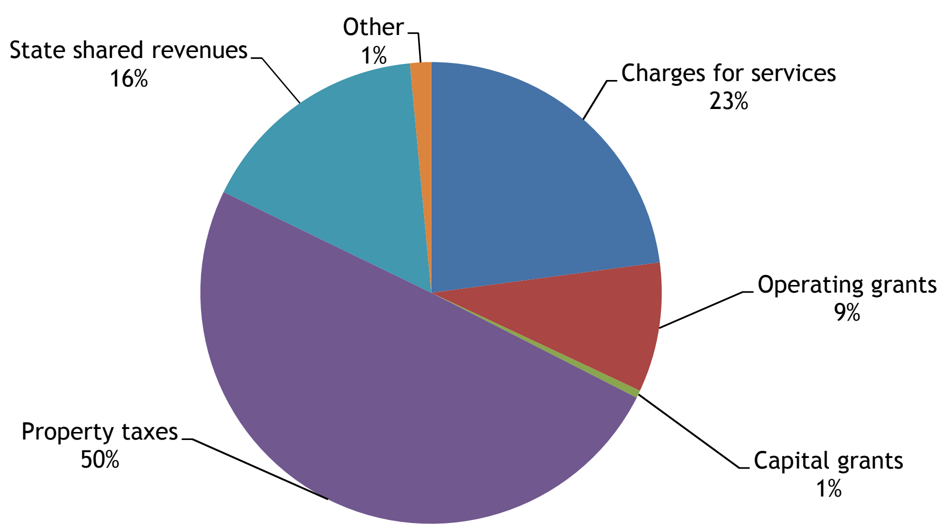
Management's Discussion and Analysis

	Change in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	$ 11,783,538	$ 10,834,450	$ 33,297,111	$ 31,040,546	$ 45,080,649	$ 41,874,996
Operating grants	4,673,144	3,859,876	501,299	617,198	5,174,443	4,477,074
Capital grants	277,644	455,132	-	-	277,644	455,132
General revenues:						
Property taxes	25,576,233	26,152,857	-	-	25,576,233	26,152,857
State shared revenues	8,392,881	8,280,285	-	-	8,392,881	8,280,285
Other	762,157	777,910	216,118	210,181	978,275	988,091
Total revenues	51,465,597	50,360,510	34,014,528	31,867,925	85,480,125	82,228,435
Expenses:						
General government	9,235,905	8,904,081	-	-	9,235,905	8,904,081
Public safety	26,655,378	27,846,183	-	-	26,655,378	27,846,183
Public works	11,501,518	11,568,038	-	-	11,501,518	11,568,038
Health and welfare	1,228,451	1,578,078	-	-	1,228,451	1,578,078
Community and economic development	1,914,032	1,829,671	-	-	1,914,032	1,829,671
Recreation and culture	3,497,548	4,012,061	-	-	3,497,548	4,012,061
Interest and paying agent fees	616,539	674,965	-	-	616,539	674,965
Water & sewer	-	-	22,473,658	22,677,293	22,473,658	22,677,293
Parking	-	-	3,081,880	3,176,310	3,081,880	3,176,310
Recreation	-	-	2,159,028	1,676,691	2,159,028	1,676,691
Farmers market	-	-	380,262	365,470	380,262	365,470
Total expenses	54,649,371	56,413,077	28,094,828	27,895,764	82,744,199	84,308,841
Change in net assets, before transfers	(3,183,774)	(6,052,567)	5,919,700	3,972,161	2,735,926	(2,080,406)
Transfers	1,568,859	(795,582)	(1,568,859)	795,582	-	-
Change in net assets	(1,614,915)	(6,848,149)	4,350,841	4,767,743	2,735,926	(2,080,406)
Net assets:						
Beginning of year	139,371,403	146,219,552	81,266,573	76,498,830	220,637,976	222,718,382
End of year	$ 137,756,488	$ 139,371,403	$ 85,617,414	$ 81,266,573	$ 223,373,902	$ 220,637,976

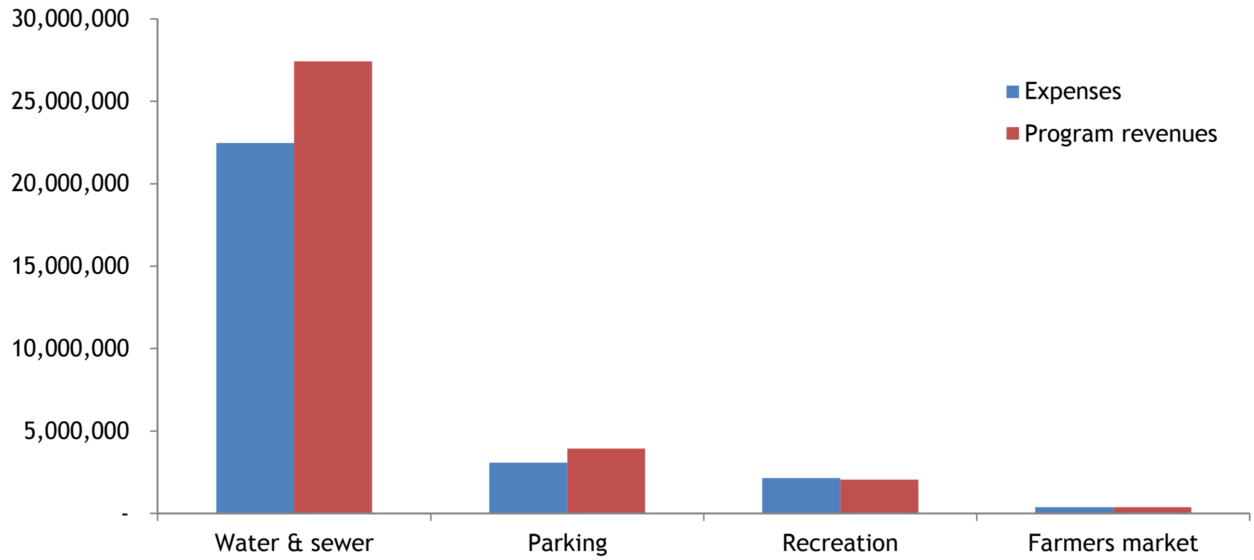
Expenses and Program Revenues - Governmental Activities



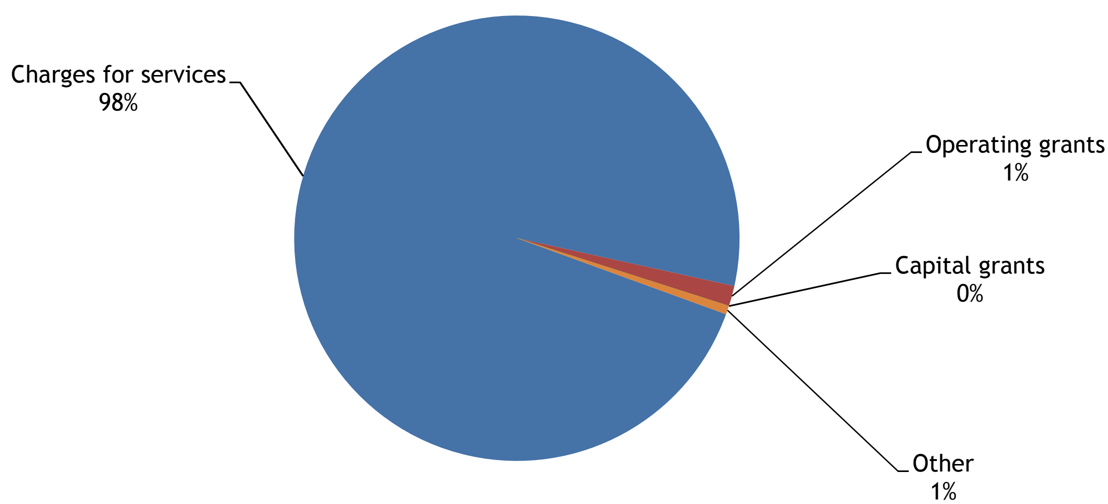
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Royal Oak's governmental funds reported combined ending fund balances of $22,382,186, a increase of $78,239 in comparison with the prior year. Approximately 20 percent ($4,374,352) of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion, within allowable use. The remainder of fund balance is nonspendable such as prepaids ($19,598), inventories ($155,209) or an endowment ($1,000), restricted due to restraints of the fund ($14,757,027) or assigned for eligibile retirement bank payouts ($305,000) and subsequent year's expenditures ($2,770,000).

The general fund is the chief operating fund of the City of Royal Oak. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,374,352 while total fund balance was $7,896,492. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13 percent of total general fund expenditures, while total fund balance represents 24 percent of general fund expenditures.

The fund balance of the City of Royal Oak's general fund increased by $1,374,744 during the current fiscal year. The original budget allowed for over $1.3 million use of fund balance, however mostly due to the City's policy regarding attrition and fewer leave bank payouts due to fewer than possible retirements, expenditures were lower than the budget. In addition, an increase in traffic/parking revenue and increased PEG revenue results in no use of fund balance.

The solid waste fund has a total fund balance of $6,355,456, 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 $46,514, which is mostly due to lower contracted worker services costs and disposal costs being under budget.

General Fund Budgetary Highlights

Revenues in the general fund were $850,129 over the final budget and $1,543,569 over the original budget. The increase is mostly attributed to an increase in PEG revenues, additional SAFER grant monies due to timing, an incresae in State Shared Revenue and an increase from traffic/parking fines. Expenditures in the General Fund were $709,248 less than the amended budget and $1,138,848 less than the original budget. The decrease is mostly attributed to lower general government personnel costs, engineering costs being allocated to capital projects and moving the Art, Beats & Eats cost center to an enterprise fund.

Financial Analysis of the Business-type Funds

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

Unrestricted net assets of the water and sewer system at the end of the year amounted to $10,912,121. The total increase in net assets for water and sewer was $4,193,250, as compared to a $5,360,592 increase in the previous year. This decrease is mostly due to less transfers in than in prior year.

Unrestricted net assets for the auto parking system fund amounted to $4,835,974. The total decrease in net assets for this fund was $272,688 mostly due to depreciation, bonds payble and an increase in recorded OPEB liability.

The recreation fund and ice arena fund operated at a loss and ended the year with negative changes in net assets. The ice arena fund continues to have a negative unrestricted net asset of $193,363, an improvement from last year's $291,791 unrestricted net assets deficit.

Capital Assets and Debt Administration

Capital Assets

The City of Royal Oak's investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to $253,692,608 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City of Royal Oak's investment in capital assets for the current fiscal year is less than 1 percent.

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

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 66,774,752	$ 66,774,752	$ 9,992,579	$ 9,992,579	$ 76,767,331	$ 76,767,331
Buildings	18,112,085	18,589,821	18,625,109	19,354,665	36,737,194	37,944,486
Improvements other than buildings	946,692	551,431	81,498	87,975	1,028,190	639,406
Machinery and equipment	9,987,442	10,163,724	183,085	220,661	10,170,527	10,384,385
Infrastructure	35,223,221	35,554,470	80,328,060	80,982,920	115,551,281	116,537,390
Intangibles	7,025	12,079	-	-	7,025	12,079
Construction in progress	7,453,883	5,560,752	5,977,177	6,576,458	13,431,060	12,137,210
Total	$ 138,505,100	$ 137,207,029	$ 115,187,508	$ 117,215,258	$ 253,692,608	$ 254,422,287

Additional information on the City of Royal Oak's capital assets can be found in Note 8 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Royal Oak had total debt outstanding of $71,097,765. Of this amount, $28,545,000 is limited general obligation debt issued by the City, which has pledged its full faith and credit for the repayment; dedicated revenue sources have been established for the repayment of this debt. A tax levy authorized by the residents of Royal Oak funds $5,495,000 of unlimited general obligation debt. Another $6,922,387 of the debt was obtained through the State Revolving Fund and is an obligation of the City of Royal Oak and five surrounding communities; the City's portion of the debt is $3,397,479 with the remainder being paid from receipts of the other five communities. Another $25,650,523 of the debt is the City of Royal Oak's portion of County debt issued for the benefit of the City of Royal Oak and surrounding communities. The remainder of the debt is composed of vested benefits, general liability claims and unamortized bond discounts and deferred loss.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Limited general obligation bonds	$ 10,510,000	$ 11,420,000	$ 18,035,000	$ 18,825,000	$ 28,545,000	$ 30,245,000
Unlimited general obligation bonds	5,495,000	5,915,000	-	-	5,495,000	5,915,000
State revolving fund	-	-	6,922,387	7,612,387	6,922,387	7,612,387
Contractual obligations	-	-	25,650,523	27,504,922	25,650,523	27,504,922
Compensated absences	3,438,382	3,459,581	286,268	311,619	3,724,650	3,771,200
General liability claims	1,205,000	726,000	-	-	1,205,000	726,000
Workers compensation claims	400,628	835,694	-	-	400,628	835,694
Less: unamortized discount and deferred loss	(259,213)	(283,064)	(586,210)	(627,278)	(845,423)	(910,342)
Total	$ 20,789,797	$ 22,073,211	$ 50,307,968	$ 53,626,650	$ 71,097,765	$ 75,699,861

The City of Royal Oak’s total debt decreased by $4,602,096 (6 percent) during the current fiscal year, mostly due to the net effect of reductions in principal of general obligation bonds and an increase in general liabilities.

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

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

The underlying rating reflects the city's own credit quality, Standard & Poor’s reduced the City’s underlying rating in June 2011 from AA+ to AA based on the City's projected use of general fund balance.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current legal debt limitation for the City is $243,963,666 (10% of $2,439,636,660 assessed valuation). As of June 30, 2012, the City's general obligation debt amounts to only 1.4% of assessed value.

Additional information on the City of Royal Oak’s long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year’s Budgets and Rates

During the current fiscal year, unassigned fund balance in the general fund decreased to $4,374,352 mostly due to the FY2012-13 original budget's use of fund balance. The budget plan, as approved for the fiscal year 2012-2013, continues to maintain a minimum unassigned fund balance of 10 percent of the current year’s expenditures. However, the City's original budget forecast demonstrates the continued decline of fund balance. The City’s 2012-2013 fiscal year original budget provides for over $1.8 million of transfers in from other funds and utilizing nearly $2.8 million from fund balance. However, on November 6, 2012 the Royal Oak voters approved a five year public safety millage to levy up to 3.975 mills to supplement the general fund. On November 12, 2012 the City Commission authorized the levy of 3.475 mills and amended the budget to provide an additional $7.1 million of tax revenue. Due to this additional adopted levy, the current budget provides for a contribution to general fund fund balance of nearly $3.1 million.

The water and sewer rate calculation method was changed to a graduated system for the 2007-2008 budget year. For 2012-2013, the quarterly water and sewer rates are $95 per 1,000 cubic feet for the first 2,000 cubic feet and $109 for every 1,000 cubic feet thereafter. In addition, all customers pay a $10.25 flat fee per billing period. The water & sewer rates did not change due to the accumulation of cash as fewer capital projects were accomplished relative to budget.

The use of fund balance continues in the major and local streets funds and the budgeted forecast illustrates the current funding levels cannot keep-up with the capital improvement plan. Now that the public safety operations and funding issue has been tentatively resolved, the City administration will focus on resolution to the City's street funding challenges. The City administration and the City's legislative body have setup a public meeting (Strategic Planning Session) for January 12, 2013 to discuss potential solutions to this anticipated funding issue.

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 Williams Street, Royal Oak, MI 48067.

BASIC FINANCIAL STATEMENTS

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Assets

June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments	$ 36,890,086	$ 11,554,965	$ 48,445,051	$ 1,024,082
Receivables, net of uncollectibles	8,706,464	12,092,007	20,798,471	35,571
Deposits and other assets	184,074	300,355	484,429	50,000
Due from component units	75,612	-	75,612	-
Internal balances	(1,023,012)	1,023,012	-	-
Inventories	363,399	221,553	584,952	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets not being depreciated	74,228,635	15,969,756	90,198,391	2,895,755
Capital assets being depreciated, net	64,276,465	99,217,752	163,494,217	1,356,669
Total assets	183,702,723	140,379,400	324,082,123	5,362,077
Liabilities				
Accounts payable	1,960,457	2,555,346	4,515,803	175,715
Accrued and other liabilities	1,993,636	462,642	2,456,278	8,130
Due to primary government	-	-	-	75,612
Cash bonds and deposits	1,808,828	12,691	1,821,519	-
Unearned revenue	3,707,568	-	3,707,568	-
Long-term debt:				
Due within one year	3,901,814	3,584,216	7,486,030	7,000
Due in more than one year	16,887,983	46,723,752	63,611,735	7,288
Net other postemployment benefits liability	15,685,949	1,423,339	17,109,288	83,374
Total liabilities	45,946,235	54,761,986	100,708,221	357,119
Net assets				
Invested in capital assets, net of related debt	122,759,313	68,690,716	191,450,029	4,252,424
Restricted for:				
PEG fees	445,542	-	445,542	-
Highways and streets	4,258,330	-	4,258,330	-
Solid waste	6,370,654	-	6,370,654	-
Recreation and culture	1,903,892	-	1,903,892	-
Public safety	948,052	-	948,052	
Grants	857,736	-	857,736	-
Capital projects	778,612	-	778,612	-
Permanent fund:				
Spendable	10,034	-	10,034	-
Nonspendable	1,000	-	1,000	-
Unrestricted (deficit)	(576,677)	16,926,698	16,350,021	752,534
Total net assets	$ 137,756,488	$ 85,617,414	$ 223,373,902	$ 5,004,958

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, 2012

		Program Revenues			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Primary government					
Governmental activities:					
General government	$ 9,235,905	$ 5,045,872	$ 79,117	$ -	$ (4,110,916)
Public safety	26,655,378	2,753,964	1,592,008	-	(22,309,406)
Public works	11,501,518	490,576	74,526	277,644	(10,658,772)
Health and welfare	1,228,451	955,698	-	-	(272,753)
Community and economic development	1,914,032	381,889	2,570,191	-	1,038,048
Recreation and culture	3,497,548	2,155,539	357,302	-	(984,707)
Interest and paying agent fees	616,539	-	-	-	(616,539)
Total governmental activities	54,649,371	11,783,538	4,673,144	277,644	(37,915,045)
Business-type activities:					
Water & sewer	22,473,658	27,426,573	-	-	4,952,915
Parking	3,081,880	3,444,725	496,463	-	859,308
Recreation	2,159,028	2,053,167	-	-	(105,861)
Farmers market	380,262	372,646	4,836	-	(2,780)
Total business-type activities	28,094,828	33,297,111	501,299	-	5,703,582
Total primary government	$ 82,744,199	$ 45,080,649	$ 5,174,443	$ 277,644	$ (32,211,463)
Component units:					
Tax Increment Financing Authority	$ 2,320,631	$ -	$ 121,683	$ -	$ (2,198,948)
Downtown Development Authority	19,367	-	-	-	(19,367)
Brownfield Redevelopment Authority	-	-	-	-	-
Housing Commission	1,364,365	-	1,112,977	-	(251,388)
Total component units	$ 3,704,363	$ -	$ 1,234,660	$ -	$ (2,469,703)

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Activities (Continued)
For the Year Ended June 30, 2012

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Changes in net assets				
Net (expense) revenue	$ (37,915,045)	$ 5,703,582	$ (32,211,463)	$ (2,469,703)
General revenues:				
Property taxes	25,576,233	-	25,576,233	2,385,361
State shared revenues	8,392,881	-	8,392,881	-
Unrestricted investment earnings	254,940	159,675	414,615	3,362
Gain (loss) on sale of capital assets	28,303	-	28,303	-
Miscellaneous	478,914	56,443	535,357	167
Transfers	1,568,859	(1,568,859)	-	-
Total general revenues and transfers	36,300,130	(1,352,741)	34,947,389	2,388,890
Change in net assets	(1,614,915)	4,350,841	2,735,926	(80,813)
Net assets, beginning of year	139,371,403	81,266,573	220,637,976	5,085,771
Net assets, end of year	$ 137,756,488	$ 85,617,414	$ 223,373,902	$ 5,004,958

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

CITY OF ROYAL OAK, MICHIGAN

Balance Sheet
Governmental Funds
June 30, 2012

	General	Solid Waste	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 8,268,718	$ 6,714,748	$ -	$ 8,697,198	$ 23,680,664
Receivables, net of uncollectibles	281,870	25,654	3,629,482	694,440	4,631,446
Deposits and other assets	1,598	-	-	18,000	19,598
Due from other governmental units	2,252,418	-	340,831	610,419	3,203,668
Due from other funds	453,637	-	-	-	453,637
Due from component units	75,612	-	-	-	75,612
Inventories	-	-	-	155,209	155,209
Restricted assets, cash	-	-	-	1,000	1,000
Total assets	$ 11,333,853	$ 6,740,402	$ 3,970,313	$ 10,176,266	$ 32,220,834
Liabilities					
Accounts payable	$ 480,550	$ 354,337	$ 12,520	$ 1,081,883	$ 1,929,290
Accrued and other liabilities	1,112,941	15,411	8,771	206,424	1,343,547
Due to other funds	-	-	319,540	-	319,540
Cash bonds and deposits	1,795,998	-	-	12,830	1,808,828
Deferred revenue	47,872	15,198	3,629,482	744,891	4,437,443
Total liabilities	3,437,361	384,946	3,970,313	2,046,028	9,838,648
Fund balances					
Nonspendable:					
Prepaids	1,598	-	-	18,000	19,598
Inventories	-	-	-	155,209	155,209
Endowment	-	-	-	1,000	1,000
Restricted:					
PEG fees	445,542	-	-	-	445,542
Highways and streets	-	-	-	4,085,121	4,085,121
Solid waste	-	6,355,456	-	-	6,355,456
Recreation and culture	-	-	-	1,898,723	1,898,723
Public Safety	-		-	948,052	948,052
Grants	-	-	-	857,736	857,736
Debt service	-	-	-	37,897	37,897
Capital Projects	-	-	-	118,466	118,466
Permanent fund	-	-	-	10,034	10,034
Assigned:					
Eligible retiree bank payouts	305,000	-	-	-	305,000
Subsequent year's expenditures	2,770,000	-	-	-	2,770,000
Unassigned	4,374,352	-	-	-	4,374,352
Total fund balances	7,896,492	6,355,456	-	8,130,238	22,382,186
Total liabilities and fund balances	$ 11,333,853	$ 6,740,402	$ 3,970,313	$ 10,176,266	$ 32,220,834

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

CITY OF ROYAL OAK, MICHIGAN

Reconciliation
Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
June 30, 2012

Fund balances for governmental funds	$	22,382,186
Amounts reported for *governmental activities* in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.		
Capital assets, net of accumulated depreciation		133,211,885
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 revenue in the governmental funds, and thus are not included in fund balance.		
Deferred property taxes and special assessments receivable		729,875
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 assets of governmental activities accounted for in internal service funds		12,775,767
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		(137,028)
Unamortized issuance costs		137,736
Bonds payable		(13,275,000)
Unamortized discounts		183,739
Deferred loss		70,196
Other postemployment benefit obligation		(15,018,327)
Compensated absences		(3,304,541)
Net assets of governmental activities	$	137,756,488

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, 2012

	General	Solid Waste	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 16,665,776	$ 6,314,902	$ -	$ 2,761,206	$ 25,741,884
Licenses and permits	1,824,414	-	-	1,644,553	3,468,967
Federal grants	1,474,722	-	1,209,118	433,834	3,117,674
State grants	4,771,976	-	-	4,002,585	8,774,561
Charges for services	3,423,456	7,802	285,571	451,741	4,168,570
Fines and forfeitures	3,927,447	-	-	83,445	4,010,892
Interest and rentals	393,940	9,411	-	96,146	499,497
Contributions and donations	450,612	-	-	1,035,412	1,486,024
Other revenue	370,066	44,034	7,373	57,441	478,914
Total revenues	33,302,409	6,376,149	1,502,062	10,566,363	51,746,983
Expenditures					
Current:					
General government	8,739,958	-	-	67,218	8,807,176
Public safety	22,148,870	-	-	1,300,801	23,449,671
Public works	1,031,753	6,286,947	-	6,188,055	13,506,755
Health and welfare	708,524	-	-	-	708,524
Community and economic development	199,508	-	1,105,868	595,871	1,901,247
Recreation and culture	699,839	-	-	2,523,411	3,223,250
Debt service:					
Principal payments	-	-	-	985,000	985,000
Interest and paying agent fees	-	-	-	609,981	609,981
Total expenditures	33,528,452	6,286,947	1,105,868	12,270,337	53,191,604
Revenue over (under) expenditures	(226,043)	89,202	396,194	(1,703,974)	(1,444,621)
Other financing sources (uses)					
Transfers in	1,730,385	-	-	4,168,576	5,898,961
Transfers out	(129,598)	(42,688)	(396,194)	(3,807,621)	(4,376,101)
Total other financing sources (uses)	1,600,787	(42,688)	(396,194)	360,955	1,522,860
Net change in fund balances	1,374,744	46,514	-	(1,343,019)	78,239
Fund balances, beginning of year	6,521,748	6,308,942	-	9,473,257	22,303,947
Fund balances, end of year	$ 7,896,492	$ 6,355,456	$ -	$ 8,130,238	$ 22,382,186

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

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Assets of Governmental Activities
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds	$	78,239
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		3,070,895
Depreciation expense		(2,257,931)
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		(165,651)
Net change in deferred grant receivable		(214,473)
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 assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payments on long-term liabilities		985,000
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		10,608
Amortization of bond discount		(17,165)
Amortization of bond issuance costs		(13,212)
Amortization of deferred loss on refunding		(5,932)
Change in OPEB liability		(6,572,391)
Change in compensated absences		30,745
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 (loss) from governmental activities in internal service funds		3,410,267
Federal grants from governmental activities in internal service funds		100,612
Interest expense from governmental activities in internal service funds		(128,828)
Gain on sale of capital assets from governmental activities in internal service funds		28,303
Transfers in from governmental activities in internal service funds		45,999
Change in net assets of governmental activities	$	(1,614,915)

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 16,537,870	$ 16,627,000	$ 16,665,776	$ 38,776
Licenses and permits	1,373,700	1,414,460	1,824,414	409,954
Federal grants	1,300,000	1,500,000	1,474,722	(25,278)
State grants	4,431,500	4,691,500	4,771,976	80,476
Charges for services	3,783,230	3,474,870	3,423,456	(51,414)
Fines and forfeitures	3,291,000	3,608,000	3,927,447	319,447
Interest and rentals	306,040	394,510	393,940	(570)
Contributions and donations	375,000	375,000	450,612	75,612
Other revenue	360,500	366,940	370,066	3,126
Total revenues	31,758,840	32,452,280	33,302,409	850,129
Expenditures				
General government	8,827,650	9,280,950	8,739,958	(540,992)
Public safety	22,473,270	22,107,680	22,148,870	41,190
Public works	1,086,550	1,086,550	1,031,753	(54,797)
Health and welfare	783,570	783,570	708,524	(75,046)
Community and economic development	174,120	196,410	199,508	3,098
Recreation and culture	1,322,140	782,540	699,839	(82,701)
Total expenditures	34,667,300	34,237,700	33,528,452	(709,248)
Revenue over (under) expenditures	(2,908,460)	(1,785,420)	(226,043)	1,559,377
Other financing sources (uses)				
Transfers in	1,740,000	1,743,400	1,730,385	(13,015)
Transfers out	(132,130)	(188,040)	(129,598)	(58,442)
Total other financing sources (uses)	1,607,870	1,555,360	1,600,787	45,427
Net change in fund balance	(1,300,590)	(230,060)	1,374,744	1,604,804
Fund balance, beginning of year	6,521,748	6,521,748	6,521,748	-
Fund balance, end of year	$ 5,221,158	$ 6,291,688	$ 7,896,492	$ 1,604,804

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Solid Waste Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 6,237,050	$ 6,315,000	$ 6,314,902	$ (98)
Charges for services	13,000	7,000	7,802	802
Interest	20,000	8,000	9,411	1,411
Other revenue	15,000	38,500	44,034	5,534
Total revenues	6,285,050	6,368,500	6,376,149	7,649
Expenditures				
Public works	6,450,500	6,461,200	6,286,947	(174,253)
Revenues over (under) expenditures	(165,450)	(92,700)	89,202	181,902
Other financing uses				
Transfers out	(4,300)	(34,100)	(42,688)	8,588
Net change in fund balance	(169,750)	(126,800)	46,514	173,314
Fund balance, beginning of year	6,308,942	6,308,942	6,308,942	-
Fund balance, end of year	$ 6,139,192	$ 6,182,142	$ 6,355,456	$ 173,314

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Development Block Grant
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	$ 1,242,410	$ 1,242,410	$ 1,209,118	$ (33,292)
Charges for services	200,000	200,000	285,571	85,571
Other revenue	611,640	611,640	7,373	(604,267)
Total revenues	2,054,050	2,054,050	1,502,062	(551,988)
Expenditures				
Community and economic development	1,387,490	1,395,010	1,105,868	(289,142)
Revenues over (under) expenditures	666,560	659,040	396,194	(262,846)
Other financing uses				
Transfers out	(590,380)	(592,630)	(396,194)	(196,436)
Net change in fund balance	76,180	66,410	-	(66,410)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 76,180	$ 66,410	$ -	$ (66,410)

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 5,991,286	$ 5,249,598	$ 448,178	$ 11,689,062	$ 13,075,325
Receivables, net of uncollectibles	8,031,493	10,643	60,286	8,102,422	871,350
Deposits and other assets	198,975	101,380	-	300,355	26,740
Inventories	215,788	5,765	-	221,553	208,190
Total current assets	14,437,542	5,367,386	508,464	20,313,392	14,181,605
Noncurrent assets:					
Receivables, net of uncollectibles	3,524,908	-	-	3,524,908	-
Due from other governmental units	464,677	-	-	464,677	-
Capital assets	117,767,693	31,272,716	12,227,056	161,267,465	17,905,727
Accumulated depreciation	(31,989,119)	(9,630,162)	(4,460,676)	(46,079,957)	(12,612,512)
Total noncurrent assets	89,768,159	21,642,554	7,766,380	119,177,093	5,293,215
Total assets	104,205,701	27,009,940	8,274,844	139,490,485	19,474,820
Liabilities					
Current liabilities:					
Accounts payable	2,430,802	60,948	63,596	2,555,346	31,167
Accrued and other liabilities	307,289	146,155	9,198	462,642	513,061
Due to other funds	-	-	134,097	134,097	-
Cash bonds and deposits	450	12,241	-	12,691	-
Bonds payable, due within one year	2,911,073	530,000	-	3,441,073	360,000
Other long-term liabilities, current	-	-	-	-	802,814
Compensated absences, current	107,393	23,309	12,441	143,143	67,041
Total current liabilities	5,757,007	772,653	219,332	6,748,992	1,774,083
Noncurrent liabilities:					
Bonds payable	35,889,154	10,691,473	-	46,580,627	2,364,722
Other long-term liabilities	-	-	-	-	802,814
Accrued compensated absences	107,566	23,249	12,310	143,125	66,800
Other postemployment benefit obligation	1,036,598	265,510	121,231	1,423,339	667,622
Total noncurrent liabilities	37,033,318	10,980,232	133,541	48,147,091	3,901,958
Total liabilities	42,790,325	11,752,885	352,873	54,896,083	5,676,041
Net Assets					
Invested in capital assets, net of related debt	50,503,255	10,421,081	7,766,380	68,690,716	2,568,493
Unrestricted	10,912,121	4,835,974	155,591	15,903,686	11,230,286
Total net assets	$ 61,415,376	$ 15,257,055	$ 7,921,971	$ 84,594,402	$ 13,798,779

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

CITY OF ROYAL OAK, MICHIGAN

Reconciliation
Net Assets of Enterprise Funds
to Net Assets of Business-Type Activities
June 30, 2012

Net assets - total enterprise funds	$ 84,594,402
Amounts reported for *business-type activities* in the statement of net assets 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 assets of the internal service funds is allocated to the enterprise funds and reported in the statement of net assets.	
Net assets of business-type activities accounted for in governmental-type internal service funds	1,023,012
Net assets of business-type activities	$ 85,617,414

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 Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues					
Charges for services	$ 27,426,573	$ 3,444,725	$ 2,425,813	$ 33,297,111	$ 17,817,286
Other	41,646	7,508	7,289	56,443	30,553
Total operating revenues	27,468,219	3,452,233	2,433,102	33,353,554	17,847,839
Operating Expenses					
Salaries and benefits	2,563,582	821,266	455,452	3,840,300	9,861,357
Supplies	198,105	82,087	66,607	346,799	970,168
Water purchases	3,515,920	-	-	3,515,920	-
Sewage disposal services	11,188,815	-	-	11,188,815	-
Other services and charges	1,808,994	1,080,347	1,760,273	4,649,614	2,229,641
Depreciation	2,516,828	545,770	298,014	3,360,612	775,324
Total operating expenses	21,792,244	2,529,470	2,580,346	26,902,060	13,836,490
Operating income (loss)	5,675,975	922,763	(147,244)	6,451,494	4,011,349
Nonoperating revenues (expenses)					
Federal grants	-	-	4,836	4,836	100,612
Interest income	14,082	144,843	750	159,675	-
Contributions and donations	-	496,463	-	496,463	-
Interest expense	(1,158,209)	(635,641)	-	(1,793,850)	(128,828)
Gain on sale of capital assets	-	-	-	-	28,303
Total nonoperating revenues (expenses)	(1,144,127)	5,665	5,586	(1,132,876)	87
Income (loss) before transfers	4,531,848	928,428	(141,658)	5,318,618	4,011,436
Transfers					
Transfers in	82,451	-	-	82,451	428,189
Transfers out	(421,049)	(1,201,116)	(29,145)	(1,651,310)	(382,190)
Net transfers	(338,598)	(1,201,116)	(29,145)	(1,568,859)	45,999
Change in net assets	4,193,250	(272,688)	(170,803)	3,749,759	4,057,435
Net assets, beginning of year	57,222,126	15,529,743	8,092,774	80,844,643	9,741,344
Net assets, end of year	$ 61,415,376	$ 15,257,055	$ 7,921,971	$ 84,594,402	$ 13,798,779

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

Reconciliation

Changes in Net Assets of Enterprise Funds
to Changes in Net Assets of Business-Type Activities
For the Year Ended June 30, 2012

Change in net assets - total enterprise funds	$	3,749,759
Amounts reported for *business-type activities* in the statement of activities are different because:		
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the operating income (loss) of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.		
Net operating income (loss) from business-type activities accounted for in governmental-type internal service funds		601,082
Change in net assets of business-type activities	$	4,350,841

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, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	**Automobile Parking System**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Cash flows from operating activities					
Receipts from customers	$ 27,027,001	$ 3,444,811	$ 2,479,326	$ 32,951,138	$ -
Internal activity - receipts from other funds	-	-	(117,832)	(117,832)	17,817,286
Other operating receipts	41,646	7,508	-	49,154	30,553
Payments to vendors	(14,198,846)	(1,006,808)	(1,557,023)	(16,762,677)	(11,390,816)
Payments to employees	(729,643)	(315,227)	(286,609)	(1,331,479)	(1,087,082)
Payments of benefits on behalf of employees	(1,456,201)	(415,124)	(167,216)	(2,038,541)	(951,288)
Internal activity - payments to other funds	(1,430,546)	(198,778)	(212,506)	(1,841,830)	(197,857)
Other operating payments	-	-	-	-	(113,637)
Net cash provided by operating activities	9,253,411	1,516,382	138,140	10,907,933	4,107,159
Cash flows from noncapital financing activities					
Federal operating grants	-	-	4,836	4,836	100,612
Transfers from other funds	82,451	-	-	82,451	428,189
Transfers to other funds	(421,049)	(1,201,116)	(29,145)	(1,651,310)	(382,190)
Net cash provided by (used in) noncapital financing activities	(338,598)	(1,201,116)	(24,309)	(1,564,023)	146,611
Cash flows from capital and related financing activities					
Purchase of capital assets	(1,171,329)	(161,533)	-	(1,332,862)	(1,266,877)
Principal paid on capital debt	(2,829,400)	(505,000)	-	(3,334,400)	(345,000)
Interest paid on capital debt	(1,151,522)	(601,259)	-	(1,752,781)	(128,074)
Contributions and donations	-	496,463	-	496,463	-
Proceeds from sale of capital assets	-	-	-	-	34,749
Net cash used in capital and related financing activities	(5,152,251)	(771,329)	-	(5,923,580)	(1,705,202)
Cash flows from investing activities					
Interest received on investments	14,082	144,843	750	159,675	-
Net change in cash and investments	3,776,644	(311,220)	114,581	3,580,005	2,548,568
Cash and investments balances, beginning of year	2,214,642	5,560,818	333,597	8,109,057	10,526,757
Cash and investments balances, end of year	$ 5,991,286	$ 5,249,598	$ 448,178	$ 11,689,062	$ 13,075,325

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water & Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 5,675,975	$ 922,763	$ (147,244)	$ 6,451,494	$ 4,011,349
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,516,828	545,770	298,014	3,360,612	775,324
Changes in assets and liabilities:					
Receivables	(859,293)	(7,202)	42,249	(824,246)	(871,350)
Deposits and other assets	78,219	6,938	3,975	89,132	5,243
Inventories	(48,816)	1,193	-	(47,623)	25,752
Long-term receivable	381,252	-	-	381,252	-
Accounts payable	1,199,571	(28,267)	(30,326)	1,140,978	(77,595)
Accrued and other liabilities	(19,276)	(10,889)	(5,296)	(35,461)	(23,456)
Due to other funds	-	-	(59,360)	(59,360)	-
Cash bonds and deposits	250	350	-	600	-
Accrued compensated absences	(14,163)	(10,451)	(737)	(25,351)	9,546
Other post employment benefits obligation	342,864	96,177	36,865	475,906	208,412
Other long-term liabilities	-	-	-	-	43,934
Net cash provided by operating activities	$ 9,253,411	$ 1,516,382	$ 138,140	$ 10,907,933	$ 4,107,159

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and investments	$ -	$ 241,965
Receivables, net of uncollectibles	655,641	-
Retirement investments, at fair value		
U.S. government obligations	16,208,695	-
Municipal bonds	7,206,436	-
Corporate bonds	17,546,682	-
Equities	69,634,398	-
Mutual funds	9,723,342	-
Other investments	4,484,683	-
Total investments	124,804,236	-
Total assets	125,459,877	$ 241,965
Liabilities		
Accounts payable	522,600	$ 66,934
Accrued and other liabilities	1,737	-
Due to other governmental units	-	50
Cash bonds and deposits	-	174,981
Total liabilities	524,337	$ 241,965
Net assets		
Held in trust for pension and other employee benefits	$ 124,935,540	

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer	$ 12,036,833
Plan members	840,131
Plan members' buybacks	109,194
Total contributions	12,986,158
Investment earnings:	
Net change in fair value of investments	(2,915,496)
Interest	1,676,264
Dividends	1,607,780
Other investment revenues	41,066
Total investment gain	409,614
Less investment expenses	803,541
Net investment loss	(393,927)
Total additions	12,592,231
Deductions	
Benefits	20,231,283
Refund of contributions	1,774,632
Administrative expenses	52,343
Total deductions	22,058,258
Change in net assets	(9,466,027)
Net assets, beginning of year	134,401,567
Net assets, end of year	$ 124,935,540

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

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Assets
Discretely Presented Component Units
June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total
Assets					
Cash and investments	$ 664,963	$ 54,630	$ 90,370	$ 214,119	$ 1,024,082
Receivables, net of uncollectibles	34,427	1,144	-	-	35,571
Deposits and other assets	50,000	-	-	-	50,000
Capital assets not being depreciated	2,895,755	-	-	-	2,895,755
Capital assets being depreciated, net	1,356,669	-	-	-	1,356,669
Total assets	5,001,814	55,774	90,370	214,119	5,362,077
Liabilities					
Accounts payable	43,977	71	-	1,594	45,642
Accrued and other liabilities	1,021	269	-	6,840	8,130
Due to primary government	-	-	-	75,612	75,612
Due to other governmental units	-	-	-	130,073	130,073
Long-term debt:					
Due within one year	5,354	1,646	-	-	7,000
Due in more than one year	5,642	1,646	-	-	7,288
Other postemployment benefit obligation	71,006	12,368	-	-	83,374
Total liabilities	127,000	16,000	-	214,119	357,119
Net assets					
Invested in capital assets, net of related debt	4,252,424	-	-	-	4,252,424
Unrestricted	622,390	39,774	90,370	-	752,534
Total net assets	$ 4,874,814	$ 39,774	$ 90,370	$ -	$ 5,004,958

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

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Assets
Discretely Presented Component Units
June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total
Expenses					
Tax Increment Financing Authority	$ 2,320,631	$ -	$ -	$ -	$ 2,320,631
Downtown Development Authority	-	19,367	-	-	19,367
Housing Commission	-	-	-	1,364,365	1,364,365
Total expenses	2,320,631	19,367	-	1,364,365	3,704,363
Program revenues					
Operating grants and contributions	121,683	-	-	1,112,977	1,234,660
Net (expense) revenue	(2,198,948)	(19,367)	-	(251,388)	(2,469,703)
General revenues					
Property taxes	2,298,509	50,771	36,081	-	2,385,361
Unrestricted investment earnings	2,607	-	-	755	3,362
Other revenue	167	-	-	-	167
Total general revenues	2,301,283	50,771	36,081	755	2,388,890
Change in net assets	102,335	31,404	36,081	(250,633)	(80,813)
Net assets, beginning of year	4,772,479	8,370	54,289	250,633	5,085,771
Net assets, end of year	$ 4,874,814	$ 39,774	$ 90,370	$ -	$ 5,004,958

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

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

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

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

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

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, 2012, the City expensed approximately $4,085,000 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

The City is also a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2012, the City expensed approximately $3,516,000 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

The w*ater & sewer fund* accounts for the activities of the water distribution system and the sewage collection system.

The a*utomobile parking system fund* accounts for the operation and maintenance of the City-owned parking lots and structures.

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

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

Assets, Liabilities and Net Assets or 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.

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 assets 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 ini-tial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. During the year, $0 of interest was capitalized as part of the cost of assets under construction.

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

	Years
Buildings and renovations	25-30
Improvements	10-20
Infrastructure	15-20
Vehicles	5-8
Equipment	5-15
Intangibles	10

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

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

Fund Equity

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

Nonspendable fund balance represents amounts that are not in a spendable form. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission (the City's highest level of decision-making authority). A formal resolution of the City Commission is required to establish, modify, or rescind a fund balance commitment. Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. By resolution, the City Commission has transferred the authority to assign fund balance to the Finance Director.

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

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year end, except for those approved by the City Commission. The legal level of budgetary control is the functional level.

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

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2012, the City incurred expenditures in certain budgeted funds which were in excess of the amount appropriated, as follows:

	Budget Appropriation	Actual Expenditure	Variance
General Fund			
Public safety	$ 22,107,680	$ 22,148,870	$ 41,190
Community and economic development	196,410	199,508	3,098
Major Streets			
Transfers out	2,412,220	2,473,320	61,100
Local Streets			
Transfers out	471,200	506,124	34,924

4. DEFICIT FUND EQUITY

The primary government had one nonmajor enterprise fund with deficit fund equity as of June 30, 2012. The Ice Arena unrestricted deficit of $193,363 will be reduced through reduction of expenses.

5. 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 administered by Merrill Lynch.

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

	Primary Government	Component Units	Totals
Statement of Net Assets			
Cash and investments	$ 48,445,051	$ 1,024,082	$ 49,469,133
Restricted assets (endowments cash)	1,000	-	1,000
	48,446,051	1,024,082	49,470,133
Statement of Fiduciary Net Assets			
Pension and OPEB trust funds:			
Investments	124,804,236	-	124,804,236
Other fiduciary funds:			
Cash and investments	241,965	-	241,965
	125,046,201	-	125,046,201
Total	$ 173,492,252	$ 1,024,082	$ 174,516,334

Deposits and investments	
Bank deposits (checking and savings accounts, certificates of deposit)	$ 49,707,047
Investments:	
Debt securities	45,446,496
Equity securities	71,997,524
Mutual funds	7,360,216
Cash on hand	5,051
Total	$ 174,516,334

Investment and deposit risk

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City had the following debt securities and maturities as of June 30, 2012:

		Investment Maturities			
Investment	Fair Value	Due in < 1 Year	Due in 1 - 5 Years	Due in 6 - 10 Years	Due in > 10 Years
U.S. agencies	$ 16,208,695	$ 1,883,234	$ 6,823,590	$ 2,147,657	$ 5,354,214
Governmental money market funds	4,484,683	4,484,683	-	-	-
Municipal bonds	7,206,436	482,507	1,778,348	2,559,358	2,386,223
Corporate bonds	17,546,682	2,664,627	6,364,766	4,073,144	4,444,145
Total	$ 45,446,496	$ 9,515,051	$ 14,966,704	$ 8,780,159	$ 12,184,582

S&P Rating	U.S. Agencies	Governmental Money Market Funds	Municipal Bonds	Corporate Bonds	Total
AAA	$ -	$ -	$ 1,893,198	$ 2,445,138	4,338,336
AA+	-	-	2,196,002	1,766,611	3,962,613
AA	-	-	1,683,072	491,243	2,174,315
AA-	-	-	200,994	414,801	615,795
A+	-	-	477,801	798,839	1,276,640
A	-	-	477,752	1,637,801	2,115,553
A-	-	-	16,071	3,201,744	3,217,815
BBB	-	-	-	1,761,852	1,761,852
BBB+	-	-	29,673	1,248,255	1,277,928
BBB-	-	-	-	1,257,590	1,257,590
BB+	-	-	-	29,692	29,692
BB	-	-	-	37,372	37,372
*	16,208,695	-	-	-	16,208,695
N/R	-	4,484,683	231,873	2,455,744	7,172,300
	$ 16,208,695	$ 4,484,683	$ 7,206,436	$ 17,546,682	$ 45,446,496

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of June 30, 2012, $43,609,186 of the City's bank balance of $50,888,710 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Notes to Financial Statements

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above in investments, the City has a custodial credit risk exposure of $17,546,682 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk, and the City does not have a policy specifying limits on concentration of credit risk. At June 30, 2012, 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.

6. 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	$ 1,229,363	$ 11,720,133	$ -	$ 3,524,908
Loans	3,629,482	-	-	3,629,482
Taxes (current)	55,362	-	-	-
Taxes (delinquent)	69,728	-	62,570	-
Special assessments	660,147	-	-	137,000
Intergovernmental	3,203,668	464,677	-	464,677
Interest and other	43,011	11,005	1,501	-
Less: allowance for uncollectibles	(184,297)	(103,808)	(28,500)	-
Total	$ 8,706,464	$ 12,092,007	$ 35,571	$ 7,756,067

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

	Unavailable	Unearned	Total
Delinquent personal property taxes	$ 69,728	$ -	$ 69,728
Special assessments	660,147	-	660,147
Grant drawdowns	-	3,707,568	3,707,568
	$ 729,875	$ 3,707,568	$ 4,437,443

Notes to Financial Statements

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, was as follows:

	Due from Other Funds	Due to Other Funds
General	$ 453,637	$ -
Community development block grant	-	319,540
Nonmajor enterprise fund	-	134,097
	$ 453,637	$ 453,637

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of $1,023,012. This resulted from the allocation of a portion of internal service fund net assets 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.

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

	Transfers in				
Transfers Out	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Water & Sewer	Totals
General fund	$ -	$ 129,598	$ -	$ -	$ 129,598
Solid waste fund	-	42,688	-	-	42,688
Community development block grant	-	393,944	2,250	-	396,194
Nonmajor governmental funds	180,385	3,121,096	423,689	82,451	3,807,621
Internal service funds	350,000	32,190	-	-	382,190
Water & sewer fund	-	418,799	2,250	-	421,049
Automobile parking system	1,200,000	1,116	-	-	1,201,116
Nonmajor enterprise funds	-	29,145	-	-	29,145
	$ 1,730,385	$ 4,168,576	$ 428,189	$ 82,451	$ 6,409,601

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

Notes to Financial Statements

8. 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	5,560,752	3,407,123	-	(1,513,992)	7,453,883
	72,335,504	3,407,123	-	(1,513,992)	74,228,635
Capital assets, being depreciated:					
Buildings	30,711,230	-	-	126,224	30,837,454
Improvements other than buildings	3,916,736	-	-	477,506	4,394,242
Machinery and equipment	20,316,576	503,324	(167,048)	-	20,652,852
Infrastructure	97,466,706	427,325	-	910,262	98,804,293
Intangibles	415,568	-	-	-	415,568
	152,826,816	930,649	(167,048)	1,513,992	155,104,409
Less accumulated depreciation for:					
Buildings	(12,121,409)	(603,960)	-	-	(12,725,369)
Improvements other than buildings	(3,365,305)	(82,245)	-	-	(3,447,550)
Machinery and equipment	(10,152,852)	(673,160)	160,602	-	(10,665,410)
Infrastructure	(61,912,236)	(1,668,836)	-	-	(63,581,072)
Intangibles	(403,489)	(5,054)	-	-	(408,543)
	(87,955,291)	(3,033,255)	160,602	-	(90,827,944)
Total capital assets being depreciated, net	64,871,525	(2,102,606)	(6,446)	1,513,992	64,276,465
Governmental activities capital assets, net	$ 137,207,029	$ 1,304,517	$ (6,446)	$ -	$ 138,505,100

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets,					
not being depreciated:					
Land	$ 9,992,579	$ -	$ -	$ -	$ 9,992,579
Construction in progress	6,576,458	1,171,278	-	(1,770,559)	5,977,177
	16,569,037	1,171,278	-	(1,770,559)	15,969,756
Capital assets, being depreciated:					
Buildings	30,793,758	-	-	-	30,793,758
Improvements other than buildings	311,957	-	-	-	311,957
Machinery and equipment	1,292,304	-	-	-	1,292,304
Infrastructure	110,967,547	161,584	-	1,770,559	112,899,690
	143,365,566	161,584	-	1,770,559	145,297,709
Less accumulated depreciation for:					
Buildings	(11,439,093)	(729,556)	-	-	(12,168,649)
Improvements other than buildings	(223,982)	(6,477)	-	-	(230,459)
Machinery and equipment	(1,071,643)	(37,576)	-	-	(1,109,219)
Infrastructure	(29,984,627)	(2,587,003)	-	-	(32,571,630)
	(42,719,345)	(3,360,612)	-	-	(46,079,957)
Total capital assets being depreciated, net	100,646,221	(3,199,028)	-	1,770,559	99,217,752
Business-type activities capital assets, net	$ 117,215,258	$ (2,027,750)	$ -	$ -	$ 115,187,508

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

Depreciation of governmental activities by function	
General government	$ 379,179
Public safety	234,303
Public works	1,324,830
Health and welfare	8,706
Recreation and culture	310,913
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	775,324
Total depreciation expense - governmental activities	$ 3,033,255

Depreciation of business-type activities by function

Water and sewer	$ 2,516,828
Parking	545,770
Ice Arena	140,902
Recreation	87,932
Farmers market	69,180
Total depreciation expense - business-type activities	$ 3,360,612

Construction Commitments

The City has active construction projects as of June 30, 2012. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Buildings	$ 60,066	$ 97,840
Street Projects	5,135,862	3,749,910
Water Projects	3,010,874	419,275
Sidewalks	1,243,559	90,185
Total	$ 9,450,361	$ 4,357,210

Oakland County has a major contract on the George W. Kuhn project, of the amount spent to date $38,601,963 is attributable to the City.

Notes to Financial Statements

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - TIFA					
Capital assets, not being depreciated:					
Land	$ 2,895,755	$ -	$ -	$ -	$ 2,895,755
Capital assets, being depreciated:					
Improvements other than buildings	1,609,877	-	-	-	1,609,877
Infrastructure	439,529	-	-	-	439,529
	2,049,406	-	-	-	2,049,406
Less accumulated depreciation for:					
Improvements other than buildings	(227,814)	(90,653)	-	-	(318,467)
Infrastructure	(352,157)	(22,113)	-	-	(374,270)
	(579,971)	(112,766)	-	-	(692,737)
Total capital assets being depreciated, net	1,469,435	(112,766)	-	-	1,356,669
Component unit - TIFA capital assets, net	$ 4,365,190	$ (112,766)	$ -	$ -	$ 4,252,424

Notes to Financial Statements

9. LONG-TERM DEBT

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Limited tax general obligation - Court	$ 5,060,000	$ -	$ (305,000)	$ 4,755,000	$ 310,000
Limited tax general obligation - Library	2,750,000	-	(180,000)	2,570,000	190,000
Limited tax general obligation bonds	3,610,000	-	(425,000)	3,185,000	445,000
Unlimited tax general obligation bonds	5,915,000	-	(420,000)	5,495,000	435,000
Total installment debt	17,335,000	-	(1,330,000)	16,005,000	1,380,000
Unamortized discount	(206,936)	-	17,919	(189,017)	-
Deferred loss	(76,128)	-	5,932	(70,196)	-
Compensated absences	3,459,581	2,201,000	(2,222,199)	3,438,382	1,719,000
General liability claims	726,000	700,497	(221,497)	1,205,000	602,500
Workers Compensation	835,694	42,961	(478,027)	400,628	200,314
Total governmental activities	$ 22,073,211	$ 2,944,458	$ (4,227,872)	$ 20,789,797	$ 3,901,814
Business-type Activities					
Limited tax general obligation - Parking	$ 12,215,000	$ -	$ (505,000)	$ 11,710,000	$ 530,000
Limited tax general obligation - Water	6,610,000	-	(285,000)	6,325,000	295,000
Drain bond - North Arm Relief Drain	7,612,387	-	(690,000)	6,922,387	705,000
Contractual obligations	27,504,922	-	(1,854,399)	25,650,523	1,911,073
Total installment debt	53,942,309	-	(3,334,399)	50,607,910	3,441,073
Unamortized discount	(320,771)	-	20,405	(300,366)	-
Deferred loss	(306,507)	-	20,663	(285,844)	-
Compensated absences	311,619	179,000	(204,351)	286,268	143,143
Total business-type activities	$ 53,626,650	$ 179,000	$ (3,497,682)	$ 50,307,968	$ 3,584,216
Component Units					
Compensated absences	$ 22,623	$ 8,000	$ (16,335)	$ 14,288	$ 7,000

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, $133,841 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences and the OPEB liability are generally liquidated by the general fund.

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

Purpose	Interest Rate	Maturing Through	Original Issue Amount	Principal Outstanding
Governmental activities	3.0% - 6.25%	2029	$ 17,475,000	$ 11,250,000
Governmental activities - refunding	4.0 % - 4.375%	2024	6,590,000	4,755,000
Business-type activities	2.25% - 6.25%	2029	60,919,706	41,524,598
Business-type activities - refunding	4.0 - 5.125%	2026	12,722,949	9,083,312

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

	Governmental Activities		Business-type Activities	
Year Ended June 30,	Principal	Interest	Principal	Interest
2013	$ 1,380,000	$ 687,363	$ 3,441,073	$ 1,732,788
2014	1,445,000	630,473	3,530,482	1,628,412
2015	1,500,000	569,794	3,640,922	1,520,564
2016	1,485,000	507,320	3,755,488	1,408,367
2017	1,440,000	444,759	3,873,120	1,290,600
2018-2022	7,190,000	1,265,334	19,753,577	4,572,410
2023-2027	1,465,000	140,094	10,654,445	1,614,297
2028-2029	100,000	6,250	1,958,803	115,679
	$ 16,005,000	$ 4,251,387	$ 50,607,910	$ 13,883,117

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

Obligations for George W. Kuhn Project. The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through the sale of drain bonds, draw downs from the State of Michigan revolving fund, Federal and State of Michigan grants, and contributions from Oakland County, Michigan. The City along with thirteen other local communities are obligated for the payment of principal and interest of the outstanding debt. It is currently anticipated that the City's obligation at the end of construction will be approximately $37,906,752 with an interest rate of 1.65-4.5%. As of June 30, 2012, the City's obligation is $24,932,845 in principal.

10. RISK MANAGEMENT

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

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

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

Changes in the reported liability for the fiscal years 2011 and 2012 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2011	$ 1,768,100	$ 136,170	$ (1,178,270)	$ 726,000
2012	726,000	700,497	(221,497)	1,205,000

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it 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 2011 and 2012 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2011	$ 797,669	$ 654,265	$ (616,240)	$ 835,694
2012	835,694	42,961	(478,027)	400,628

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

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

Changes in the reported liability for the fiscal years 2011 and 2012 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2011	$ 300,000	$ 8,938,052	$ (8,788,052)	$ 450,000
2012	450,000	8,044,160	(8,044,160)	450,000

Notes to Financial Statements

11. 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 10).

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.

12. DEFINED BENEFIT PENSION PLAN

Plan Description. The City contributes to the City of Royal Oak Retirement System, which is the administrator of a single-employer defined benefit pension plan that covers all full-time employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The City's payroll for employees covered for the year ended June 30, 2012 was approximately $16,868,000.

At June 30, 2011 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	555
Current full-time employees:	252
Total members	807

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

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

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

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

Benefit payments are calculated as follows:

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

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

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

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

Significant Accounting Policies. The system is included in the City's financial statements as a pension trust fund. A stand-alone financial report has not been issued. The assets of the pension trust fund included no securities of or loans to the City or any other related party. At June 30, 2012, there were no investments in any one organization (other than the U.S. government and U.S. government-guaranteed obligations) in excess of five percent of net assets available for benefits.

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

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

For the year ended June 30, 2012, the City's annual pension cost of $5,268,941 was equal to the City's required and actual contributions. An employee contribution of 1.5 percent to 4 percent of gross wages was required. The City was required to contribute 13.28% of annual covered payroll and an additional $1,541,169 for general employees and 29.89% of annual covered payroll for police and fire employees. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) (b) projected salary increases ranging from 3.5% to 7.3% and (c) 3.5% inflation rate.

Three-Year Trend Information			
Years Ended June 30,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2010	$ 4,373,351	100%	$ -
2011	4,562,789	100%	-
2012	5,268,941	100%	-

Funded Status and Funding Progress. As of June 30, 2011, the most recent actuarial valuation date, the Plan was 66.4 percent funded. The actuarial accrued liability for benefits was $188,716,644, and the actuarial value of assets was $125,356,684, resulting in an unfunded actuarial accrued liability (UAAL) of $63,359,960. The covered payroll (annual payroll of active employees covered by the Plan) was $16,804,600, and the ratio of the UAAL to the covered payroll was 377.0 percent.

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

13. OTHER POSTEMPLOYMENT BENEFITS

The City provides post employment health and dental care benefits, as per the requirements of union contracts, for certain retirees and their dependents. The benefits vary depending on a retiree's years of service and the union contract under which they retired. Currently, 426 retirees are eligible. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

Plan Description. The City contributes to the City of Royal Oak Retiree Health Fund (RHF), which is a single-employer defined benefit healthcare plan administered by the City of Royal Oak Retirement System. The plan covers most full-time employees of the City. At June 30, 2010 (the date of the most recent actuarial report), membership consisted of:

Active service members:	
General employees	154
Public safety employees	133
Deferred members	8
Retired members and beneficiaries	396
	691

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, 2012. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2012, there were no investments in any one organization in excess of five percent of net assets available for benefits.

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

Contributions. Public Act 149 authorizes the City Commission to establish and amend contribution requirements of the plan members. Active service members and retired members or their beneficiaries are not required to contribute to the plan. For the year ended June 30, 2012, the City contributed $6,767,892.

Three-Year Trend Information			
Years Ended June 30,	Annual OPEB Cost (AOC)	Percentage Contributed	Net OPEB Obligation
2010	$ 11,132,961	74%	$ 2,869,257
2011	14,410,869	51%	9,950,826
2012	14,009,728	48%	17,192,662

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The annual contribution was determined as part of an actuarial valuation at June 30, 2010, using the entry actual age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 4.25 percent per year compounded annually, (b) projected salary increases of 3.5 percent to 7.3 percent per year compounded annually, attributable to inflation, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 3.5% annually. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The excess of assets over the actuarial liability is being amortized as a level percentage of payroll on a open basis. The UAAL has a remaining amortization period at June 30, 2012 of 27 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	$ 14,035,208
Interest on net OPEB obligation	398,032
Adjustment to annual required contribution	(423,512)
Net OPEB cost (expense)	14,009,728
Contributions made	(6,767,892)
Increase in net OPEB obligation	7,241,836
Net OPEB obligation, beginning of year	9,950,826
Net OPEB obligation, end of year	$ 17,192,662

Funded Status and Funding Progress. As of June 30, 2010, the most recent actuarial valuation, the Plan was 4.1 percent funded. The actuarial accrued liability for benefits was $116,791,220, and the actuarial value of assets was $4,813,960, resulting in an unfunded actuarial accrued liability (UAAL) of $111,977,260. The covered payroll (annual payroll of active employees covered by the Plan) was $18,373,382, and the ratio of the UAAL to the covered payroll was 609.5 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.

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

	Plan Net Assets		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Assets			
Receivables, net of uncollectibles	$ 399,323	$ 256,318	$ 655,641
Retirement investments, at fair value			
U.S. government obligations	16,208,695	-	16,208,695
Municipal bonds	7,206,436	-	7,206,436
Corporate bonds	17,546,682	-	17,546,682
Equities	69,634,398	-	69,634,398
Mutual funds	2,363,126	7,360,216	9,723,342
Other investments	4,484,683	-	4,484,683
Total assets	117,843,343	7,616,534	125,459,877
Liabilities			
Accounts payable	49,224	473,376	522,600
Accrued and other liabilities	27	1,710	1,737
Total liabilities	49,251	475,086	524,337
Net assets			
Held in trust for:			
Employees' pension benefits	117,794,092	-	117,794,092
Other postemployment benefits	-	7,141,448	7,141,448
Total net assets	$ 117,794,092	$ 7,141,448	$ 124,935,540

	Changes in Plan Net Assets		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Additions			
Contributions:			
Employer	$ 5,268,941	$ 6,767,892	$ 12,036,833
Plan members	840,131	-	840,131
Plan members' buyback	109,194	-	109,194
Total contributions	6,218,266	6,767,892	12,986,158
Investment earnings:			
Net change in fair value of investments	(2,910,724)	(4,772)	(2,915,496)
Interest	1,672,088	4,176	1,676,264
Dividends	1,607,780	-	1,607,780
Other investment revenues	41,066	-	41,066
Total investment gain (loss)	410,210	(596)	409,614
Investment expense	803,541	-	803,541
Net investment loss	(393,331)	(596)	(393,927)
Total additions	5,824,935	6,767,296	12,592,231
Deductions			
Benefits	13,280,822	6,950,461	20,231,283
Refund of contributions	1,774,632	-	1,774,632
Administrative expenses	52,343	-	52,343
Total deductions	15,107,797	6,950,461	22,058,258
Change in net assets	(9,282,862)	(183,165)	(9,466,027)
Net assets, beginning of year	127,076,954	7,324,613	134,401,567
Net assets, end of year	$ 117,794,092	$ 7,141,448	$ 124,935,540

15. 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, 2012, there were ten (10) 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, 2012, were $25,346 by the employees and $35,656 by the City.

16. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of June 30, 2012, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	$ 74,228,635	$ 15,969,756	$ 2,895,755
Capital assets being depreciated, net	64,276,465	99,217,752	1,356,669
	138,505,100	115,187,508	4,252,424
Related debt:			
General obligation bonds	16,005,000	24,957,387	-
Less amounts owed from other communities	-	(3,524,908)	-
Contractual obligations	-	25,650,523	-
Bond discount	(189,017)	(300,366)	-
Deferred loss on advance refunding	(70,196)	(285,844)	-
	15,745,787	46,496,792	-
Invested in capital assets, net related debt	$ 122,759,313	$ 68,690,716	$ 4,252,424

17. SUBSEQUENT EVENT

Bond Refunding

On September 19, 2012, the City advance refunded the Building Authority Series 2001A unlimited tax general obligation bonds. The City issued $4,965,000 of unlimited tax general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds will be considered to be defeased and the liability will be removed from long-term debt in the subsequent year.

Section 8 Housing Choice Vouchers Program

As of June 30, 2012, the City terminated the Section 8 Housing Choice Vouchers Program and transferred the entire program over to the Ferndale Housing Commission. Any remaining unspent restricted balances as of June 30, 2012 within the Housing Commission component unit were required to be repaid to the U.S. Department of Housing and Urban Development (HUD) and the remaining unrestricted portion is to be paid to the City's general fund. As such, a liability has been recorded in the Housing Commission for these amounts at year end.

■ ■ ■ ■ ■

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

City of Royal Oak Retirement System

Schedule of Funding Progress

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Entry Age	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2006	$ 137,264	$ 158,239	$ 20,975	86.7%	$ 20,432	102.7%
6/30/2007	143,619	162,781	19,162	88.2%	20,328	94.3%
6/30/2008	145,561	166,957	21,396	87.2%	20,460	104.6%
6/30/2009	138,812	173,543	34,731	80.0%	20,139	172.5%
6/30/2010	132,168	178,656	46,488	74.0%	18,373	253.0%
6/30/2011	125,357	188,717	63,360	66.4%	16,805	377.0%

Schedule of Employer Contributions

(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$ 4,055	100%
2008	4,161	100%
2009	4,075	100%
2010	4,373	100%
2011	4,563	100%
2012	5,269	100%

Notes to Schedule of Funding Progress:

1. All trend information has been calculated using entry age normal actuarial method.

2. For information regarding contribution percentage rates, assumptions, amortization method, etc., see Note 12.

Required Supplementary Information

City of Royal Oak Retiree Health Fund

Schedule of Funding Progress

(dollar amounts in thousands)

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

Schedule of Employer Contributions

(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	$ 11,133	74%
2011	14,410	51%
2012	14,035	48%

Notes to Schedule of Funding Progress:

1. All trend information has been calculated using an individual entry-age normal actuarial cost method.

2. For information regarding contribution percentage rates, assumptions, amortization method, etc., see Note 13.

This page intentionally left blank.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Assets			
Cash and investments	$ 2,237,833	$ 1,298,802	$ 19,329
Receivables, net of uncollectibles	6,550	1,787	154
Deposits and other assets	18,000	-	-
Due from other governmental units	460,928	149,491	-
Inventories	133,452	21,757	-
Restricted assets, cash	-	-	-
Total assets	2,856,763	1,471,837	19,483
Liabilities			
Accounts payable	26,370	4,511	-
Accrued and other liabilities	23,685	15,704	533
Cash bonds and deposits	-	-	-
Deferred revenue	-	-	157
Total liabilities	50,055	20,215	690
Fund balances			
Nonspendable:			
Prepaids	18,000	-	-
Inventory	133,452	21,757	-
Endowment	-	-	-
Restricted	2,655,256	1,429,865	18,793
Total fund balances	2,806,708	1,451,622	18,793
Total liabilities and fund balances	$ 2,856,763	$ 1,471,837	$ 19,483

	Special Revenue Funds					
	Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
	$ 676,032	$ 927,169	$ 969,662	$ 382,785	$ 891,313	$ 7,402,925
	815	6,005	-	-	17,200	32,511
	-	-	-	-	-	18,000
	-	-	-	-	-	610,419
	-	-	-	-	-	155,209
	-	-	-	-	-	-
	676,847	933,174	969,662	382,785	908,513	8,219,064
	15,572	13,672	4,602	34	2,366	67,127
	3,437	29,716	17,008	-	2,928	93,011
	-	-	-	-	12,830	12,830
	45,434	5,011	-	-	32,653	83,255
	64,443	48,399	21,610	34	50,777	256,223
	-	-	-	-	-	18,000
	-	-	-	-	-	155,209
	-	-	-	-	-	-
	612,404	884,775	948,052	382,751	857,736	7,789,632
	612,404	884,775	948,052	382,751	857,736	7,962,841
	$ 676,847	$ 933,174	$ 969,662	$ 382,785	$ 908,513	$ 8,219,064

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Funds: Capital Projects	Capital Projects Funds: Special Assessments
Assets				
Cash and investments	$ 7,402,925	$ 37,903	$ 1,233,141	$ 13,197
Receivables, net of uncollectibles	32,511	1,484	296	660,147
Deposits and other assets	18,000	-	-	-
Due from other governmental units	610,419	-	-	-
Inventories	155,209	-	-	-
Restricted assets, cash	-	-	-	-
Total assets	$ 8,219,064	$ 39,387	$ 1,233,437	$ 673,344
Liabilities				
Accounts payable	$ 67,127	$ -	$ 1,014,756	$ -
Accrued and other liabilities	93,011	-	113,413	-
Cash bonds and deposits	12,830	-	-	-
Deferred revenue	83,255	1,490	-	660,146
Total liabilities	256,223	1,490	1,128,169	660,146
Fund balances				
Nonspendable:				
Prepaids	18,000	-	-	-
Inventory	155,209	-	-	-
Endowment	-	-	-	-
Restricted	7,789,632	37,897	105,268	13,198
Total fund balances	7,962,841	37,897	105,268	13,198
Total liabilities and fund balances	$ 8,219,064	$ 39,387	$ 1,233,437	$ 673,344

Total Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
$ 1,246,338	$ 10,032	$ 8,697,198
660,443	2	694,440
-	-	18,000
-	-	610,419
-	-	155,209
-	1,000	1,000
$ 1,906,781	$ 11,034	$ 10,176,266
$ 1,014,756	$ -	$ 1,081,883
113,413	-	206,424
-	-	12,830
660,146	-	744,891
1,788,315	-	2,046,028
-	-	18,000
-	-	155,209
-	1,000	1,000
118,466	10,034	7,956,029
118,466	11,034	8,130,238
$ 1,906,781	$ 11,034	$ 10,176,266

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Revenues			
Taxes	$ -	$ -	$ 49,942
Licenses and permits	177,703	-	-
Federal grants	-	-	-
State grants	2,867,896	906,652	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	12,793	13,796	-
Contributions and donations	166,264	-	-
Other revenue	9,885	625	-
Total revenues	3,234,541	921,073	49,942
Expenditures			
Current:			
General government	-	-	67,218
Public safety	-	-	-
Public works	1,315,358	1,535,469	-
Community and economic development	-	-	-
Recreation and culture	-	-	-
Debt service:			
Principal payments	-	-	-
Interest and paying agent fees	-	-	-
Total expenditures	1,315,358	1,535,469	67,218
Revenue over (under) expenditures	1,919,183	(614,396)	(17,276)
Other financing sources (uses)			
Transfers in	7,181	366,185	21,500
Transfers out	(2,473,320)	(506,124)	-
Total other financing sources (uses)	(2,466,139)	(139,939)	21,500
Net change in fund balances	(546,956)	(754,335)	4,224
Fund balances, beginning of year	3,353,664	2,205,957	14,569
Fund balances, end of year	$ 2,806,708	$ 1,451,622	$ 18,793

Special Revenue Funds					
Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
$ -	$ 2,011,806	$ -	$ -	$ -	$ 2,061,748
-	-	1,426,224	-	40,626	1,644,553
-	-	-	-	433,834	433,834
103,403	97,799	-	-	26,835	4,002,585
231,097	75,693	4,542	-	123,578	434,910
-	4,174	-	-	79,271	83,445
2,309	4,448	-	1,895	16,619	51,860
46,584	3,616	-	129,670	58,008	404,142
-	5,643	41,288	-	-	57,441
383,393	2,203,179	1,472,054	131,565	778,771	9,174,518
-	-	-	-	-	67,218
-	-	962,027	1,462	337,312	1,300,801
-	-	-	-	-	2,850,827
-	-	-	-	595,871	595,871
516,136	1,990,569	-	16,706	-	2,523,411
-	180,000	-	-	-	180,000
-	109,168	-	-	-	109,168
516,136	2,279,737	962,027	18,168	933,183	7,627,296
(132,743)	(76,558)	510,027	113,397	(154,412)	1,547,222
-	75,000	-	-	153,231	623,097
(4,300)	-	(156,550)	(93,761)	-	(3,234,055)
(4,300)	75,000	(156,550)	(93,761)	153,231	(2,610,958)
(137,043)	(1,558)	353,477	19,636	(1,181)	(1,063,736)
749,447	886,333	594,575	363,115	858,917	9,026,577
$ 612,404	$ 884,775	$ 948,052	$ 382,751	$ 857,736	$ 7,962,841

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2012

			Capital Projects Funds	
	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects	Special Assessments
Revenues				
Taxes	$ 2,061,748	$ 699,458	$ -	$ -
Licenses and permits	1,644,553	-	-	-
Federal grants	433,834	-	-	-
State grants	4,002,585	-	-	-
Charges for services	434,910	-	16,831	-
Fines and forfeitures	83,445	-	-	-
Interest and rentals	51,860	-	-	44,182
Contributions and donations	404,142	519,890	-	111,380
Other revenue	57,441	-	-	-
Total revenues	9,174,518	1,219,348	16,831	155,562
Expenditures				
Current:				
General government	67,218	-	-	-
Public safety	1,300,801	-	-	-
Public works	2,850,827	-	3,337,228	-
Community and economic development	595,871	-	-	-
Recreation and culture	2,523,411	-	-	-
Debt service:				
Principal payments	180,000	805,000	-	-
Interest and paying agent fees	109,168	500,813	-	-
Total expenditures	7,627,296	1,305,813	3,337,228	-
Revenue over (under) expenditures	1,547,222	(86,465)	(3,320,397)	155,562
Other financing sources (uses)				
Transfers in	623,097	91,199	3,454,280	-
Transfers out	(3,234,055)	-	(419,189)	(154,377)
Total other financing sources (uses)	(2,610,958)	91,199	3,035,091	(154,377)
Net change in fund balances	(1,063,736)	4,734	(285,306)	1,185
Fund balances, beginning of year	9,026,577	33,163	390,574	12,013
Fund balances, end of year	$ 7,962,841	$ 37,897	$ 105,268	$ 13,198

Total Nonmajor Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 2,761,206
-	-	1,644,553
-	-	433,834
-	-	4,002,585
16,831	-	451,741
-	-	83,445
44,182	104	96,146
111,380	-	1,035,412
-	-	57,441
172,393	104	10,566,363
-	-	67,218
-	-	1,300,801
3,337,228	-	6,188,055
-	-	595,871
-	-	2,523,411
-	-	985,000
-	-	609,981
3,337,228	-	12,270,337
(3,164,835)	104	(1,703,974)
3,454,280	-	4,168,576
(573,566)	-	(3,807,621)
2,880,714	-	360,955
(284,121)	104	(1,343,019)
402,587	10,930	9,473,257
$ 118,466	$ 11,034	$ 8,130,238

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Major Streets Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ 183,000	$ 183,000	$ 177,703	$ (5,297)
State grants	2,450,000	2,450,000	2,867,896	417,896
Interest and rentals	8,000	8,000	12,793	4,793
Contributions and donations	15,000	315,000	166,264	(148,736)
Other revenue	10,000	10,000	9,885	(115)
Total revenues	2,666,000	2,966,000	3,234,541	268,541
Expenditures				
Public works	1,779,170	1,779,170	1,315,358	(463,812)
Revenue over expenditures	886,830	1,186,830	1,919,183	732,353
Other financing sources (uses)				
Transfers in	6,500	6,500	7,181	681
Transfers out	(1,959,970)	(2,412,220)	(2,473,320)	61,100
Total other financing sources (uses)	(1,953,470)	(2,405,720)	(2,466,139)	(60,419)
Net change in fund balance	(1,066,640)	(1,218,890)	(546,956)	671,934
Fund balance, beginning of year	3,353,664	3,353,664	3,353,664	-
Fund balance, end of year	$ 2,287,024	$ 2,134,774	$ 2,806,708	$ 671,934

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Streets Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	$ 750,000	$ 895,000	$ 906,652	$ 11,652
Interest and rentals	5,000	12,000	13,796	1,796
Other revenue	2,000	1,000	625	(375)
Total revenues	757,000	908,000	921,073	13,073
Expenditures				
Public works	1,510,210	1,681,500	1,535,469	(146,031)
Revenue over (under) expenditures	(753,210)	(773,500)	(614,396)	159,104
Other financing sources (uses)				
Transfers in	375,000	350,000	366,185	16,185
Transfers out	(471,200)	(471,200)	(506,124)	34,924
Total other financing sources (uses)	(96,200)	(121,200)	(139,939)	(18,739)
Net change in fund balance	(849,410)	(894,700)	(754,335)	140,365
Fund balance, beginning of year	2,205,957	2,205,957	2,205,957	-
Fund balance, end of year	$ 1,356,547	$ 1,311,257	$ 1,451,622	$ 140,365

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 49,500	$ 49,500	$ 49,942	$ 442
Expenditures				
General government	69,600	69,600	67,218	(2,382)
Revenue over (under) expenditures	(20,100)	(20,100)	(17,276)	2,824
Other financing sources				
Transfers in	21,500	21,500	21,500	-
Net change in fund balance	1,400	1,400	4,224	2,824
Fund balance, beginning of year	14,569	14,569	14,569	-
Fund balance, end of year	$ 15,969	$ 15,969	$ 18,793	$ 2,824

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Senior Citizens Program Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	$ 145,120	$ 145,120	$ 103,403	$ (41,717)
Charges for services	185,800	185,800	231,097	45,297
Interest and rentals	1,000	1,000	2,309	1,309
Contributions and donations	47,430	47,430	46,584	(846)
Total revenues	379,350	379,350	383,393	4,043
Expenditures				
Recreation and culture	520,480	530,300	516,136	(14,164)
Revenue over (under) expenditures	(141,130)	(150,950)	(132,743)	18,207
Other financing uses				
Transfers out	(4,300)	(4,300)	(4,300)	-
Net change in fund balance	(145,430)	(155,250)	(137,043)	18,207
Fund balance, beginning of year	749,447	749,447	749,447	-
Fund balance, end of year	$ 604,017	$ 594,197	$ 612,404	$ 18,207

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 1,968,000	$ 1,968,000	$ 2,011,806	$ 43,806
State grants	76,820	76,820	97,799	20,979
Charges for services	83,600	83,600	75,693	(7,907)
Fines and forfeitures	4,000	4,000	4,174	174
Interest and rentals	4,000	4,000	4,448	448
Contributions and donations	2,000	2,000	3,616	1,616
Other revenue	5,000	5,000	5,643	643
Total revenues	2,143,420	2,143,420	2,203,179	59,759
Expenditures				
Recreation and culture	2,023,090	2,046,270	1,990,569	(55,701)
Debt service:				
Principal payments	180,000	180,000	180,000	-
Interest and paying agents fees	109,170	109,170	109,168	(2)
Total expenditures	2,312,260	2,335,440	2,279,737	(55,703)
Revenue over (under) expenditures	(168,840)	(192,020)	(76,558)	115,462
Other financing sources				
Transfers in	75,000	75,000	75,000	-
Net change in fund balance	(93,840)	(117,020)	(1,558)	115,462
Fund balance, beginning of year	886,333	886,333	886,333	-
Fund balance, end of year	$ 792,493	$ 769,313	$ 884,775	$ 115,462

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ 1,068,000	$ 1,068,000	$ 1,426,224	$ 358,224
Charges for services	3,000	3,000	4,542	1,542
Other revenue	20,000	20,000	41,288	21,288
Total revenues	1,091,000	1,091,000	1,472,054	381,054
Expenditures				
Public safety	1,050,280	1,065,500	962,027	(103,473)
Revenue over expenditures	40,720	25,500	510,027	484,527
Other financing uses				
Transfers out	(154,300)	(156,550)	(156,550)	-
Net change in fund balance	(113,580)	(131,050)	353,477	484,527
Fund balance, beginning of year	594,575	594,575	594,575	-
Fund balance, end of year	$ 480,995	$ 463,525	$ 948,052	$ 484,527

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - ROOTS Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	$ 2,000	$ 2,000	$ 1,895	$ (105)
Contributions and donations	120,000	126,490	129,670	3,180
Total revenues	122,000	128,490	131,565	3,075
Expenditures				
Public safety	5,000	5,000	1,462	(3,538)
Recreation and culture	84,300	18,100	16,706	(1,394)
Total expenditures	89,300	23,100	18,168	(4,932)
Revenue over expenditures	32,700	105,390	113,397	8,007
Other financing uses				
Transfers out	(17,000)	(95,400)	(93,761)	(1,639)
Net change in fund balance	15,700	9,990	19,636	9,646
Fund balance, beginning of year	363,115	363,115	363,115	-
Fund balance, end of year	$ 378,815	$ 373,105	$ 382,751	$ 9,646

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ -	$ 41,000	$ 40,626	$ (374)
Federal grants	873,010	1,128,530	433,834	(694,696)
State grants	28,000	34,000	26,835	(7,165)
Charges for services	17,500	27,000	123,578	96,578
Fines and forfeitures	45,000	82,450	79,271	(3,179)
Interest and rentals	800	230	16,619	16,389
Contributions and donations	42,500	57,600	58,008	408
Total revenues	1,006,810	1,370,810	778,771	(592,039)
Expenditures				
Public safety	133,700	677,960	337,312	(340,648)
Community and economic development	763,330	895,330	595,871	(299,459)
Total expenditures	897,030	1,573,290	933,183	(640,107)
Revenue over (under) expenditures	109,780	(202,480)	(154,412)	48,068
Other financing sources				
Transfers in	17,000	213,210	153,231	(59,979)
Net change in fund balance	126,780	10,730	(1,181)	(11,911)
Fund balance, beginning of year	858,917	858,917	858,917	-
Fund balance, end of year	$ 985,697	$ 869,647	$ 857,736	$ (11,911)

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	$ 219	$ 105,430	$ -	$ 342,529	$ 448,178
Receivables, net of uncollectibles	-	59,751	46	489	60,286
Total current assets	219	165,181	46	343,018	508,464
Noncurrent assets:					
Capital assets	-	4,474,564	5,239,494	2,512,998	12,227,056
Less accumulated depreciation	-	(883,332)	(2,772,214)	(805,130)	(4,460,676)
Total noncurrent assets	-	3,591,232	2,467,280	1,707,868	7,766,380
Total assets	219	3,756,413	2,467,326	2,050,886	8,274,844
Liabilities					
Current liabilities:					
Accounts payable	-	26,720	19,959	16,917	63,596
Accrued and other liabilities	-	7,657	886	655	9,198
Due to other funds	-	-	134,097	-	134,097
Compensated absences, current	-	8,723	3,289	429	12,441
Total current liabilities	-	43,100	158,231	18,001	219,332
Noncurrent liabilities:					
Accrued compensated absences	-	8,844	3,168	298	12,310
Other post employment benefits obligation	-	84,356	32,010	4,865	121,231
Total noncurrent liabilities	-	93,200	35,178	5,163	133,541
Total liabilities	-	136,300	193,409	23,164	352,873
Net assets					
Invested in capital assets, net of related debt	-	3,591,232	2,467,280	1,707,868	7,766,380
Unrestricted (deficit)	219	28,881	(193,363)	319,854	155,591
Total net assets	$ 219	$ 3,620,113	$ 2,273,917	$ 2,027,722	$ 7,921,971

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	$ 386,447	$ 601,619	$ 1,065,101	$ 372,646	$ 2,425,813
Other	-	-	-	7,289	7,289
Total operating revenues	386,447	601,619	1,065,101	379,935	2,433,102
Operating expenses					
Salaries and benefits	111,128	307,978	22,299	14,047	455,452
Supplies	-	22,419	29,708	14,480	66,607
Other services and charges	275,100	314,496	885,629	285,048	1,760,273
Depreciation	-	87,932	140,902	69,180	298,014
Total operating expenses	386,228	732,825	1,078,538	382,755	2,580,346
Operating income (loss)	219	(131,206)	(13,437)	(2,820)	(147,244)
Nonoperating revenues (expenses)					
Federal grants	-	-	-	4,836	4,836
Interest income	-	-	108	642	750
Total nonoperating revenues (expenses)	-	-	108	5,478	5,586
Income (loss) before transfers	219	(131,206)	(13,329)	2,658	(141,658)
Transfers					
Transfers out	-	-	(29,145)	-	(29,145)
Change in net assets	219	(131,206)	(42,474)	2,658	(170,803)
Net assets, beginning of year	-	3,751,319	2,316,391	2,025,064	8,092,774
Net assets, end of year	$ 219	$ 3,620,113	$ 2,273,917	$ 2,027,722	$ 7,921,971

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers	$ 386,447	$ 647,000	$ 1,066,258	$ 379,621	$ 2,479,326
Internal activity - receipts from other funds	-	-	(117,832)	-	(117,832)
Payments to vendors	(176,642)	(210,687)	(894,489)	(275,205)	(1,557,023)
Payments to employees	(103,277)	(165,567)	(11,616)	(6,149)	(286,609)
Payments of benefits on behalf of employees	(2,524)	(143,900)	(13,284)	(7,508)	(167,216)
Internal activity - payments to other funds	(103,785)	(84,776)	-	(23,945)	(212,506)
Net cash provided by operating activities	219	42,070	29,037	66,814	138,140
Cash flows from noncapital financing activities					
Federal operating grants	-	-	-	4,836	4,836
Transfers to other funds	-	-	(29,145)	-	(29,145)
Net cash provided by (used in) noncapital financing activities	-	-	(29,145)	4,836	(24,309)
Cash flows from investing activities					
Interest received on investments	-	-	108	642	750
Net increase in cash and investments	219	42,070	-	72,292	114,581
Cash and investments balances, beginning of year	-	63,360	-	270,237	333,597
Cash and investments balances, end of year	$ 219	$ 105,430	$ -	$ 342,529	$ 448,178
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 219	$ (131,206)	$ (13,437)	$ (2,820)	$ (147,244)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	87,932	140,902	69,180	298,014
Changes in assets and liabilities:					
Receivables, net	-	41,406	1,157	(314)	42,249
Deposits and other assets		3,975			3,975
Accounts payable	-	11,673	(40,733)	(1,266)	(30,326)
Accrued and other liabilities	-	(3,066)	(2,380)	150	(5,296)
Due to other funds	-	-	(59,360)	-	(59,360)
Accrued compensated absences	-	(399)	(373)	35	(737)
Other post employment benefits obligation	-	31,755	3,261	1,849	36,865
Net cash provided by operating activities	$ 219	$ 42,070	$ 29,037	$ 66,814	$ 138,140

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Assets						
Current assets:						
Cash and investments	$ 1,250,948	$ 6,129,759	$ 1,768,812	$ 3,148,823	$ 776,983	$ 13,075,325
Receivables, net of uncollectibles	-	113,637	-	-	757,713	871,350
Deposits and other assets	-	26,740	-	-	-	26,740
Inventories	-	208,190	-	-	-	208,190
Total current assets	1,250,948	6,478,326	1,768,812	3,148,823	1,534,696	14,181,605
Noncurrent assets:						
Capital assets	1,807,175	16,098,552	-	-	-	17,905,727
Less accumulated depreciation	(1,365,610)	(11,246,902)	-	-	-	(12,612,512)
Total noncurrent assets	441,565	4,851,650	-	-	-	5,293,215
Total assets	1,692,513	11,329,976	1,768,812	3,148,823	1,534,696	19,474,820
Liabilities						
Current liabilities:						
Accounts payable	5,266	23,738	2,163	-	-	31,167
Accrued and other liabilities	14,127	48,934	-	450,000	-	513,061
Compensated absences, current	32,661	34,380	-	-	-	67,041
Other long-term liabilities, current	-	-	200,314	-	602,500	802,814
Bonds payable, due within one year	-	360,000	-	-	-	360,000
Total current liabilities	52,054	467,052	202,477	450,000	602,500	1,774,083
Noncurrent liabilities:						
Accrued compensated absences	32,810	33,990	-	-	-	66,800
Other post employment benefits obligation	251,375	416,247	-	-	-	667,622
Other long-term liabilities	-	-	200,314	-	602,500	802,814
Bonds payable	-	2,364,722	-	-	-	2,364,722
Total noncurrent liabilities	284,185	2,814,959	200,314	-	602,500	3,901,958
Total liabilities	336,239	3,282,011	402,791	450,000	1,205,000	5,676,041
Net Assets						
Invested in capital assets, net of related debt	441,565	2,126,928	-	-	-	2,568,493
Unrestricted	914,709	5,921,037	1,366,021	2,698,823	329,696	11,230,286
Total net assets	$ 1,356,274	$ 8,047,965	$ 1,366,021	$ 2,698,823	$ 329,696	$ 13,798,779

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

Internal Service Funds
For the Year Ended June 30, 2012

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Operating revenues						
Charges for services	$ 840,069	$ 3,670,443	$ 811,617	$ 9,972,163	$ 2,522,994	$ 17,817,286
Other revenue	-	22,917	7,636	-	-	30,553
Total operating revenues	840,069	3,693,360	819,253	9,972,163	2,522,994	17,847,839
Operating expenses						
Salaries and benefits	659,889	1,134,083	23,224	8,044,161	-	9,861,357
Supplies	24,166	946,002	-	-	-	970,168
Other services and charges	204,712	405,027	152,604	-	1,467,298	2,229,641
Depreciation	52,398	722,926	-	-	-	775,324
Total operating expenses	941,165	3,208,038	175,828	8,044,161	1,467,298	13,836,490
Operating income (loss)	(101,096)	485,322	643,425	1,928,002	1,055,696	4,011,349
Nonoperating revenues (expenses)						
Federal grants	-	100,612	-	-	-	100,612
Interest expense	-	(128,828)	-	-	-	(128,828)
Proceeds on sale of capital assets	-	28,303	-	-	-	28,303
Total nonoperating revenue (expenses)	-	87	-	-	-	87
Income (loss) before transfers	(101,096)	485,409	643,425	1,928,002	1,055,696	4,011,436
Transfers						
Transfers in	9,000	419,189	-	-	-	428,189
Transfers out	-	(32,190)	(350,000)	-	-	(382,190)
Total transfers	9,000	386,999	(350,000)	-	-	45,999
Change in net assets	(92,096)	872,408	293,425	1,928,002	1,055,696	4,057,435
Net assets (deficit), beginning of year	1,448,370	7,175,557	1,072,596	770,821	(726,000)	9,741,344
Net assets, end of year	$ 1,356,274	$ 8,047,965	$ 1,366,021	$ 2,698,823	$ 329,696	$ 13,798,779

Combining Statement of Cash Flows

Internal Service Funds
For the Year Ended June 30, 2012

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	$ 840,069	$ 3,670,443	$ 811,617	$ 9,972,163	$ 2,522,994	$ 17,817,286
Other operating receipts	-	22,917	7,636	-	-	30,553
Payments to vendors	(229,394)	(1,234,666)	(136,584)	(8,044,161)	(1,746,011)	(11,390,816)
Payments to employees	(204,029)	(447,987)	(435,066)	-	-	(1,087,082)
Payments of benefits on behalf of employees	(367,211)	(558,746)	(25,331)	-	-	(951,288)
Internal activity - payments to other funds	(39,354)	(145,003)	(13,500)	-	-	(197,857)
Other operating payments	-	(113,637)	-	-	-	(113,637)
Net cash provided by operating activities	81	1,193,321	208,772	1,928,002	776,983	4,107,159
Cash flows from noncapital financing activities						
Federal operating grants	-	100,612	-	-	-	100,612
Transfers from other funds	9,000	419,189	-	-	-	428,189
Transfers to other funds	-	(32,190)	(350,000)	-	-	(382,190)
Net cash provided by (used in) noncapital financing activities	9,000	487,611	(350,000)	-	-	146,611
Cash flows from capital and related financing activities						
Purchase of capital assets	(438,077)	(828,800)	-	-	-	(1,266,877)
Principal paid on capital debt	-	(345,000)	-	-	-	(345,000)
Interest paid on capital debt	-	(128,074)	-	-	-	(128,074)
Proceeds from sale of capital assets	-	34,749	-	-	-	34,749
Net cash used in capital and related financing activities	(438,077)	(1,267,125)	-	-	-	(1,705,202)
Net change in cash and investments	(428,996)	413,807	(141,228)	1,928,002	776,983	2,548,568
Cash and investments balances, beginning of year	1,679,944	5,715,952	1,910,040	1,220,821	-	10,526,757
Cash and investments balances, end of year	$ 1,250,948	$ 6,129,759	$ 1,768,812	$ 3,148,823	$ 776,983	$ 13,075,325

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	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)	$ (101,096)	$ 485,322	$ 643,425	$ 1,928,002	$ 1,055,696	$ 4,011,349
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	52,398	722,926	-	-	-	775,324
Changes in assets and liabilities:						
Receivables	-	(113,637)	-	-	(757,713)	(871,350)
Deposits and other assets	-	5,243	-	-	-	5,243
Inventories	-	25,752	-	-	-	25,752
Accounts payable	(38,696)	(39,312)	413	-	-	(77,595)
Accrued and other liabilities	(7,497)	(15,959)	-	-	-	(23,456)
Accrued compensated absences	3,577	5,969	-	-	-	9,546
Other post employment benefits obligation	91,395	117,017	-	-	-	208,412
Other long-term liabilities	-	-	(435,066)	-	479,000	43,934
Net cash provided by operating activities	$ 81	$ 1,193,321	$ 208,772	$ 1,928,002	$ 776,983	$ 4,107,159

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
June 30, 2012

	Agency	Tax Collection Fund	44th District Court	Total
Assets				
Cash and investments	$ 80,208	$ 4,460	$ 157,297	$ 241,965
Liabilities				
Accounts payable	$ -	$ -	$ 66,934	$ 66,934
Due to other governmental units	50	-	-	50
Cash bonds and deposits	80,158	4,460	90,363	174,981
Total liabilities	$ 80,208	$ 4,460	$ 157,297	$ 241,965

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Agency Fund				
Assets				
Cash and investments	$ 309,428	$ 209,902	$ (439,122)	$ 80,208
Liabilities				
Accounts payable	$ -	$ 102,016	$ (102,016)	$ -
Due to other governmental units	85	25	(60)	50
Cash bonds and deposits	309,343	209,927	(439,112)	80,158
Total liabilities	$ 309,428	$ 311,968	$ (541,188)	$ 80,208
Tax Collection Fund				
Assets				
Cash and investments	$ -	$ 99,744,277	$ (99,739,817)	$ 4,460
Liabilities				
Accounts payable	$ -	$ 353,938	$ (353,938)	$ -
Cash bonds and deposits	-	190,372,086	(190,367,626)	4,460
Total liabilities	$ -	$ 190,726,024	$ (190,721,564)	$ 4,460
44th District Court				
Assets				
Cash and investments	$ 164,241	$ 856,520	$ (863,464)	$ 157,297
Liabilities				
Accounts payable	$ -	$ 920,867	$ (853,933)	$ 66,934
Due to other governmental units	75,738	865,337	(941,075)	-
Cash bonds and deposits	88,503	2,016	(156)	90,363
Total liabilities	$ 164,241	$ 1,788,220	$ (1,795,164)	$ 157,297

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Totals - All Agency Funds				
Assets				
Cash and investments	$ 473,669	$ 100,810,699	$ (101,042,403)	$ 241,965
Liabilities				
Accounts payable	$ -	$ 1,376,821	$ (1,309,887)	$ 66,934
Due to other governmental units	75,823	191,237,448	(191,308,761)	50
Cash bonds and deposits	397,846	211,943	(439,268)	174,981
Total liabilities	$ 473,669	$ 192,826,212	$ (193,057,916)	$ 241,965

Balance Sheets
Component Units
June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total Component Units
Assets					
Cash and investments	$ 664,963	$ 54,630	$ 90,370	$ 214,119	$ 1,024,082
Receivables, net of uncollectibles	34,427	1,144	-	-	35,571
Deposits and other assets	50,000	-	-	-	50,000
Total assets	$ 749,390	$ 55,774	$ 90,370	$ 214,119	$ 1,109,653
Liabilities					
Accounts payable	43,977	71	-	1,594	45,642
Accrued and other liabilities	1,021	269	-	6,840	8,130
Due to primary government	-	-	-	75,612	75,612
Due to other governmental units	-	-	-	130,073	130,073
Deferred revenue	34,334	2,664	-	-	36,998
Total liabilities	79,332	3,004	-	214,119	296,455
Fund balances					
Unassigned	670,058	52,770	90,370	-	813,198
Total liabilities and fund balances	$ 749,390	$ 55,774	$ 90,370	$ 214,119	$ 1,109,653

Reconciliation

Fund Balances for Governmental Funds
to Net Assets of Governmental Activities
Component Units
June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total Component Units
Fund balances for component units	$ 670,058	$ 52,770	$ 90,370	$ -	$ 813,198
Amounts reported for *component units* in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.					
Capital assets, net of accumulated depreciation	4,252,424	-	-	-	4,252,424
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 revenue in the governmental funds, and thus are not included in fund balance.					
Deferred property taxes receivable	34,334	2,664	-	-	36,998
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.					
OPEB Liability	(71,006)	(12,368)	-	-	(83,374)
Compensated absences	(10,996)	(3,292)	-	-	(14,288)
Net assets for component units	$ 4,874,814	$ 39,774	$ 90,370	$ -	$ 5,004,958

Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units
For the Year Ended June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total Component Units
Revenues					
Taxes	$ 2,324,939	$ 50,771	$ 36,081	$ -	$ 2,411,791
Federal grants	-	-	-	1,112,977	1,112,977
Interest and rentals	2,607	-	-	755	3,362
Contributions and donations	121,683	-	-	-	121,683
Other revenues	167	-	-	-	167
Total revenues	2,449,396	50,771	36,081	1,113,732	3,649,980
Expenditures					
Current:					
Other services and charges	-	-	-	-	-
Housing assistance payments	-	-	-	1,130,872	1,130,872
Community and economic development	2,189,120	18,068	-	276,893	2,484,081
Total expenditures	2,189,120	18,068	-	1,407,765	3,614,953
Change in fund balances	260,276	32,703	36,081	(294,033)	35,027
Fund balances, beginning of year	409,782	20,067	54,289	294,033	778,171
Fund balances, end of year	$ 670,058	$ 52,770	$ 90,370	$ -	$ 813,198

Reconciliation

Net Changes in fund Balances of Governmental Funds
to Change in Net Assets of Governmental Activities
Component Units
For the Year Ended June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Housing Commission	Total Component Units
Net change in fund balances - component units	$ 260,276	$ 32,703	$ 36,081	$ (294,033)	$ 35,027
Amounts reported for component units in the statement of activities assets 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.					
Depreciation expense	(112,766)	-	-	-	(112,766)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	(26,430)	149	-	-	(26,281)
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	(1,726)	528	-	9,533	8,335
Change in OPEB Liability	(17,019)	(1,976)	-	33,867	14,872
Change in net assets of component units	$ 102,335	$ 31,404	$ 36,081	$ (250,633)	$ (80,813)

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 2,311,230	$ 2,311,230	$ 2,324,939	$ 13,709
Interest and rentals	10,000	10,000	2,607	(7,393)
Contributions and donations	115,000	115,000	121,683	6,683
Other revenue	-	-	167	167
Total revenues	2,436,230	2,436,230	2,449,396	13,166
Expenditures				
Community and economic development	2,565,600	2,578,480	2,189,120	(389,360)
Net change in fund balance	(129,370)	(142,250)	260,276	402,526
Fund balance, beginning of year	409,782	409,782	409,782	-
Fund balance, end of year	$ 280,412	$ 267,532	$ 670,058	$ 402,526

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 49,200	$ 49,200	$ 50,771	$ 1,571
Expenditures				
Community and economic development	44,870	44,870	18,068	(26,802)
Net change in fund balance	4,330	4,330	32,703	28,373
Fund balance, beginning of year	20,067	20,067	20,067	-
Fund balance, end of year	$ 24,397	$ 24,397	$ 52,770	$ 28,373

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 17,060	$ 17,060	$ 36,081	$ 19,021
Expenditures				
Community and economic development	50,690	50,690	-	(50,690)
Net change in fund balance	(33,630)	(33,630)	36,081	69,711
Fund balance, beginning of year	54,289	54,289	54,289	-
Fund balance, end of year	$ 20,659	$ 20,659	$ 90,370	$ 69,711

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Housing Commission
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	$ 1,342,420	$ 1,342,420	$ 1,112,977	$ (229,443)
Interest and rentals	500	500	755	255
Total revenues	1,342,920	1,342,920	1,113,732	(229,188)
Expenditures				
Community and economic development	127,860	134,530	276,893	142,363
Housing assistance payments	1,212,400	1,212,400	1,130,872	(81,528)
Total expenditures	1,340,260	1,346,930	1,407,765	60,835
Net change in fund balance	2,660	(4,010)	(294,033)	(290,023)
Fund balance, beginning of year	294,033	294,033	294,033	-
Fund balance, end of year	$ 296,693	$ 290,023	$ -	$ (290,023)

STATISTICAL SECTION

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement No. 34 in the fiscal year ended June 30, 2003; schedules presenting government-wide information include data beginning in that year.

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	$ 102,083,257	$ 108,113,604	$ 109,014,440	$ 116,963,284
Restricted	15,710,666	16,080,945	20,087,516	19,737,682
Unrestricted	(1,295,989)	920,013	3,704,314	2,737,267
Total governmental activities net assets	116,497,934	125,114,562	132,806,270	139,438,233
Business-type activities:				
Invested in capital assets, net of related debt	39,723,931	40,189,816	42,629,281	49,403,430
Restricted	1,399,095	2,496,788	2,574,741	2,764,237
Unrestricted	17,856,461	16,092,490	13,424,771	10,863,254
Total business-type activities net assets	58,979,487	58,779,094	58,628,793	63,030,921
Primary government:				
Invested in capital assets, net of related debt	141,807,188	148,303,420	151,643,721	166,366,714
Restricted	17,109,761	18,577,733	22,662,257	22,501,919
Unrestricted	16,560,472	17,012,503	17,129,085	13,600,521
Total primary government net assets	$ 175,477,421	$ 183,893,656	$ 191,435,063	$ 202,469,154

Fiscal Year Ended June 30					
2007	2008	2009	2010	2011	2012
$ 118,453,656	$ 118,921,341	$ 119,486,155	$ 121,736,526	$ 120,155,093	$ 122,759,313
22,836,277	24,253,884	14,365,234	15,097,992	15,782,199	15,573,852
2,958,906	4,242,843	14,347,188	9,385,034	3,434,111	(576,677)
144,248,839	147,418,068	148,198,577	146,219,552	139,371,403	137,756,488
58,089,326	61,366,065	61,051,630	64,238,153	67,776,260	68,690,716
2,653	2,653	2,653	-	-	-
8,330,833	10,061,309	15,584,666	12,260,677	13,490,313	16,926,698
66,422,812	71,430,027	76,638,949	76,498,830	81,266,573	85,617,414
176,542,982	180,287,406	180,537,785	185,974,679	187,931,353	191,450,029
22,838,930	24,256,537	14,367,887	15,097,992	15,782,199	15,573,852
11,289,739	14,304,152	29,931,854	21,645,711	16,924,424	16,350,021
$ 210,671,651	$ 218,848,095	$ 224,837,526	$ 222,718,382	$ 220,637,976	$ 223,373,902

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	$ 11,234,438	$ 10,723,060	$ 9,509,493	$ 11,837,178
Public safety	17,619,573	16,542,881	17,608,033	19,853,374
Public works	14,587,704	7,801,142	11,505,812	11,130,782
Health and welfare	499,650	457,109	489,725	488,655
Community and economic development	1,798,736	1,579,285	1,356,084	1,779,318
Recreation and culture	3,186,534	2,977,851	3,216,412	3,237,185
Interest and paying agent fees	747,718	728,469	708,760	733,419
Total governmental activities expenses	49,674,353	40,809,797	44,394,319	49,059,911
Business-type activities:				
Water & sewer	14,300,232	14,577,922	14,771,560	15,649,024
Parking	1,877,865	2,019,263	1,966,791	2,143,135
Recreation	2,668,982	2,716,899	2,537,582	1,973,325
Farmers market	217,957	194,120	213,301	259,037
Total business-type activities expenses	19,065,036	19,508,204	19,489,234	20,024,521
Total primary government expenses	68,739,389	60,318,001	63,883,553	69,084,432
Program Revenues				
Governmental activities:				
General government	3,071,108	3,133,449	3,486,523	4,265,247
Public safety	1,791,440	1,985,138	2,894,001	2,869,512
Public works	1,204,166	1,587,523	1,303,489	1,775,743
Health and welfare	557,306	804,043	830,715	874,274
Community and economic development	435,552	568,002	357,520	412,601
Recreation and culture	1,104,681	1,182,389	1,293,974	1,291,357
Interest and paying agent fees	653,826	663,647	751,606	854,553
Charges for services	8,818,079	9,924,191	10,917,828	12,343,287
Operating grants and contributions	2,484,230	2,899,089	2,605,739	2,842,985
Capital grants and contributions	1,127,952	682,829	173,218	1,972,423
Total governmental activities program revenues	12,430,261	13,506,109	13,696,785	17,158,695
Business-type activities:				
Charges for services				
Water & sewer	14,676,181	15,179,686	16,728,932	19,083,625
Parking	1,839,840	1,948,505	2,028,753	2,075,657
Recreation	2,675,818	2,621,140	2,200,673	1,922,617
Farmers market	327,354	319,241	272,295	276,736
Operating grants and contributions	436,160	695,144	817,252	775,879
Capital grants and contributions	1,626,280	29,802	20,490	911,845
Total business-type activities program revenues	21,581,633	20,793,518	22,068,395	25,046,359
Total primary government program revenues	34,011,894	34,299,627	35,765,180	42,205,054
Net (Expense)/Revenue				
Governmental activities	(37,244,092)	(27,303,688)	(30,697,534)	(31,901,216)
Business-type activities	2,516,597	1,285,314	2,579,161	5,021,838
Total primary government net expense	(34,727,495)	(26,018,374)	(28,118,373)	(26,879,378)

Fiscal Year Ended June 30					
2007	2008	2009	2010	2011	2012
$ 11,820,682	$ 9,081,988	$ 9,178,697	$ 10,658,475	$ 8,904,081	$ 9,235,905
20,540,025	24,228,222	25,340,432	27,808,076	27,846,183	26,655,378
11,677,027	11,647,910	12,008,559	11,323,281	11,568,038	11,501,518
469,999	602,645	720,452	1,045,227	1,578,078	1,228,451
1,532,163	2,301,776	1,382,073	1,855,557	1,829,671	1,914,032
3,581,434	4,212,541	4,101,371	3,988,900	4,012,061	3,497,548
793,776	784,438	720,676	697,975	674,965	616,539
50,415,106	52,859,520	53,452,260	57,377,491	56,413,077	54,649,371
16,358,489	16,457,830	17,426,976	19,727,621	22,677,293	22,473,658
2,136,181	2,325,819	2,665,056	3,105,564	3,176,310	3,081,880
1,886,696	1,960,279	1,866,341	1,788,792	1,676,691	2,159,028
266,310	327,228	344,946	350,918	365,470	380,262
20,647,676	21,071,156	22,303,319	24,972,895	27,895,764	28,094,828
71,062,782	73,930,676	75,755,579	82,350,386	84,308,841	82,744,199
3,859,945	4,786,182	5,032,372	4,985,949	4,450,270	5,045,872
2,490,350	2,302,388	1,981,677	2,376,002	2,492,540	2,753,964
665,860	550,375	496,673	458,669	519,279	490,576
893,850	865,648	959,100	934,114	959,793	955,698
396,838	383,077	249,152	226,376	281,061	381,889
1,301,829	1,494,866	1,644,549	1,559,571	2,131,507	2,155,539
777,899	-	-	-	-	-
10,386,571	10,382,536	10,363,523	10,540,681	10,834,450	11,783,538
3,146,627	3,930,593	3,186,231	3,576,342	3,859,876	4,673,144
1,079,263	1,163,612	873,030	626,971	455,132	277,644
14,612,461	15,476,741	14,422,784	14,743,994	15,149,458	16,734,326
19,659,036	20,989,462	20,039,667	21,429,384	25,940,143	27,426,573
2,215,151	2,516,001	2,570,487	2,659,002	2,985,064	3,444,725
1,909,576	1,850,882	1,747,139	1,779,515	1,764,707	2,053,167
275,334	290,194	295,731	309,329	350,632	372,646
602,074	5,090	6,870	617,778	617,198	501,299
41,939	719,412	2,753,092	70,713	-	-
24,703,110	26,371,041	27,412,986	26,865,721	31,657,744	33,798,410
39,315,571	41,847,782	41,835,770	41,609,715	46,807,202	50,532,736
(35,802,645)	(37,382,779)	(39,029,476)	(42,633,497)	(41,263,619)	(37,915,045)
4,055,434	5,299,885	5,109,667	1,892,826	3,761,980	5,703,582
(31,747,211)	(32,082,894)	(33,919,809)	(40,740,671)	(37,501,639)	(32,211,463)

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	$ 20,598,307	$ 23,137,213	$ 24,296,152	$ 25,266,467
State-shared revenues	10,235,529	9,877,965	9,675,450	9,562,574
Unrestricted investment earnings	525,365	343,078	553,041	1,471,827
Gain on sale of capital assets	44,730	13,118	38,195	32,618
Reimbursements	-	400,749	482,231	20,431
Miscellaneous	1,159,023	499,698	338,787	872,555
Transfers	35,554	1,648,495	2,044,358	1,306,707
Total governmental activities	32,598,508	35,920,316	37,428,214	38,533,179
Business-type activities:				
Unrestricted investment earnings	275,411	142,708	237,707	366,520
Gain on sale of capital assets	2,500	1,600	-	308,829
Miscellaneous	10,579	18,480	38,217	11,648
Transfers	(35,554)	(1,648,495)	(2,044,358)	(1,306,707)
Total business-type activities	252,936	(1,485,707)	(1,768,434)	(619,710)
Total primary government	32,851,444	34,434,609	35,659,780	37,913,469
Change in Net Assets				
Governmental activities	(4,645,584)	8,616,628	6,730,680	6,631,963
Business-type activities	2,769,533	(200,393)	810,727	4,402,128
Total primary government	$ (1,876,051)	$ 8,416,235	$ 7,541,407	$ 11,034,091

Fiscal Year Ended June 30					
2007	2008	2009	2010	2011	2012
$ 26,898,481	$ 27,578,249	$ 27,744,049	$ 28,573,797	$ 26,152,857	$ 25,576,233
9,350,955	9,251,499	8,873,213	8,228,312	8,280,285	8,392,881
1,938,968	2,068,262	998,889	449,343	300,004	254,940
30,958	-	-	-	-	28,303
806,267	676,770	-	-	-	-
299,913	287,712	1,562,187	862,817	477,906	478,914
1,287,709	689,516	631,647	2,540,203	(795,582)	1,568,859
40,613,251	40,552,008	39,809,985	40,654,472	34,415,470	36,300,130
602,023	368,647	147,023	228,934	182,910	159,675
-	-	-	-	-	-
22,143	28,197	583,880	278,324	27,271	56,443
(1,287,709)	(689,516)	(631,647)	(2,540,203)	795,582	(1,568,859)
(663,543)	(292,672)	99,256	(2,032,945)	1,005,763	(1,352,741)
39,949,708	40,259,336	39,909,241	38,621,527	35,421,233	34,947,389
4,810,606	3,169,229	780,509	(1,979,025)	(6,848,149)	(1,614,915)
3,391,891	5,007,213	5,208,923	(140,119)	4,767,743	4,350,841
$ 8,202,497	$ 8,176,442	$ 5,989,432	$ (2,119,144)	$ (2,080,406)	$ 2,735,926

Financial Trends

Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
General Fund				
Nonspendable	$ 83,202	$ 109,018	$ 121,270	$ 107,957
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	3,231,839	4,340,265	6,637,473	6,575,442
Total General Fund	3,315,041	4,449,283	6,758,743	6,683,399
All Other Governmental Funds				
Nonspendable	3,771,374	1,747,334	474,760	292,457
Restricted, reported in:				
Special revenue funds	8,978,230	10,694,901	12,160,318	13,044,833
Debt service funds	544,725	680,823	1,046,485	1,437,900
Capital projects funds	1,826,137	1,402,123	3,056,376	494,641
Permanent fund	27,522	1,825	28,353	3,318
Total all other governmental funds	15,147,988	14,527,006	16,766,292	15,273,149
Total governmental funds	$ 18,463,029	$ 18,976,289	$ 23,525,035	$ 21,956,548

Fiscal Year Ended June 30					
2007	2008	2009	2010	2011	2012
$ 106,943	$ 129,315	$ 131,224	$ 164,319	$ -	$ -
-	-	-	-	-	445,542
-	-	-	-	1,300,000	3,075,000
6,576,574	8,232,519	9,675,674	6,721,096	5,221,748	4,374,352
6,683,517	8,361,834	9,806,898	6,885,415	6,521,748	7,894,894
430,082	405,082	1,000	1,000	157,957	156,209
14,652,413	15,105,248	14,189,386	15,339,796	15,178,562	14,145,088
1,765,680	1,385,001	34,911	30,222	33,163	37,897
266,930	278,527	163,965	246,066	402,587	118,466
3,896	21,158	10,278	9,924	9,930	10,034
17,119,001	17,195,016	14,399,540	15,627,008	15,782,199	14,467,694
$ 23,802,518	$ 25,556,850	$ 24,206,438	$ 22,512,423	$ 22,303,947	$ 22,362,588

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			
	2003	2004	2005	2006
Revenues				
Taxes	$ 20,363,469	$ 22,901,870	$ 24,308,407	$ 25,401,427
Licenses and permits	1,937,879	2,184,584	3,139,452	3,176,333
Federal grants	2,638,283	1,722,152	1,259,964	3,698,693
State grants	10,605,532	10,282,660	10,062,113	9,970,737
Charges for services	3,567,137	4,363,152	3,857,659	4,812,481
Fines and forfeitures	3,417,929	3,705,665	3,992,629	4,412,285
Interest and rentals	671,312	512,219	772,796	1,699,490
Contributions and donations	103,896	536,753	1,036,809	624,994
Other revenue	1,159,023	900,444	821,018	892,986
Total revenues	44,464,460	47,109,499	49,250,847	54,689,426
Expenditures				
General government	10,516,595	10,596,597	9,160,702	11,810,472
Public safety	17,708,881	17,078,156	18,045,357	19,978,522
Public works	17,583,547	15,058,320	15,693,263	19,420,647
Health and welfare	488,231	447,452	473,915	474,420
Community and economic development	1,835,118	1,622,347	1,349,101	1,766,681
Recreation and culture	2,981,456	2,870,755	2,954,605	3,232,077
Debt service:				
Principal payments	485,000	500,000	520,000	675,000
Interest and paying agent fees	742,415	723,310	692,014	817,317
Total expenditures	52,341,243	48,896,937	48,888,957	58,175,136
Revenue over (under) expenditures	(7,876,783)	(1,787,438)	361,890	(3,485,710)
Other Financing Sources (Uses)				
Bond proceeds	-	-	3,700,000	5,680,000
Payment to refunded bond escrow agent	-	-	-	(5,581,777)
Transfers in	3,535,417	3,681,666	5,974,462	9,824,549
Transfers from component units	500,000	500,000	-	-
Transfers out	(3,499,863)	(2,075,086)	(5,525,801)	(8,073,240)
Sale of capital assets	42,980	194,118	38,195	67,691
Total other financing sources (uses)	578,534	2,300,698	4,186,856	1,917,223
Net change in fund balances	$ (7,298,249)	$ 513,260	$ 4,548,746	$ (1,568,487)
Debt service as a percentage of noncapital expenditures	2.58%	2.68%	2.79%	3.10%

Fiscal Year Ended June 30					
2007	2008	2009	2010	2011	2012
$ 26,843,146	$ 27,791,327	$ 27,894,711	$ 28,247,608	$ 26,381,439	$ 25,741,884
2,889,242	2,561,656	2,455,968	2,926,558	2,691,023	3,468,967
3,082,224	2,907,622	1,787,930	1,830,199	2,001,554	3,117,674
9,803,930	9,661,102	9,261,154	8,676,226	8,703,584	8,774,561
3,589,406	3,735,014	3,806,309	3,688,251	4,281,063	4,168,570
4,145,185	4,396,589	4,175,074	3,929,759	4,129,803	4,010,892
2,120,566	2,304,081	1,320,563	675,657	498,883	499,497
507,954	1,541,430	1,811,555	1,736,650	1,255,738	1,486,024
1,106,180	964,482	1,562,187	862,817	477,906	478,914
54,087,833	55,863,303	54,075,451	52,573,725	50,420,993	51,746,983
12,155,896	8,630,729	9,004,224	8,925,132	8,331,615	8,807,176
20,426,500	24,646,113	25,414,070	26,624,516	24,534,124	23,449,671
15,152,352	13,086,601	14,057,676	13,873,005	12,460,296	13,506,755
455,470	597,709	712,703	688,640	765,013	708,524
1,569,772	2,307,383	1,405,210	1,864,821	1,843,800	1,901,247
3,284,964	3,986,566	3,912,795	3,670,704	3,549,926	3,223,250
715,000	830,000	865,000	910,000	945,000	985,000
772,931	776,549	710,111	689,500	666,865	609,981
54,532,885	54,861,650	56,081,789	57,246,318	53,096,639	53,191,604
(445,052)	1,001,653	(2,006,338)	(4,672,593)	(2,675,646)	(1,444,621)
825,000	-	-	-	-	-
-	-	-	-	-	-
4,992,029	3,445,684	6,058,933	9,250,201	7,427,440	5,898,961
-	-	-	-	-	-
(3,556,965)	(2,693,004)	(5,403,007)	(6,271,623)	(4,960,270)	(4,376,101)
30,958	-	-	-	-	-
2,291,022	752,680	655,926	2,978,578	2,467,170	1,522,860
$ 1,845,970	$ 1,754,333	$ (1,350,412)	$ (1,694,015)	$ (208,476)	$ 78,239
3.00%	3.10%	2.98%	3.01%	3.17%	3.18%

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Taxable Value and Assessed Value of Taxable Property
Last Ten Fiscal Years

		Real Property Taxable Value				
Tax Year	Fiscal Year	Residential	Commercial	Industrial	Industrial Facilities Tax (IFT)	Total Real
2002	2003	$ 1,369,407,389	$ 294,349,479	$ 46,791,030	$ 2,349,370	$ 1,712,897,268
2003	2004	1,438,121,583	308,954,576	56,238,050	599,240	1,803,913,449
2004	2005	1,527,187,417	320,080,826	51,323,010	-	1,898,591,253
2005	2006	1,636,065,740	337,410,500	52,529,200	-	2,026,005,440
2006	2007	1,760,779,950	355,053,760	54,154,390	-	2,169,988,100
2007	2008	1,875,049,470	378,328,500	56,432,540	-	2,309,810,510
2008	2009	1,889,916,570	393,623,270	58,732,400	-	2,342,272,240
2009	2010	1,859,817,935	413,633,900	57,320,450	-	2,330,772,285
2010	2011	1,688,549,090	403,781,590	54,329,690	-	2,146,660,370
2011	2012	1,648,632,770	396,588,890	43,977,480	-	2,089,199,140

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
$ 130,743,970	$ 8,106,841	$138,850,811	$ 1,851,748,079	11.0001	$2,450,195,741	75.6%
135,071,970	5,385,880	140,457,850	1,944,371,299	11.7980	2,608,639,195	74.5%
139,785,294	577,080	140,362,374	2,038,953,627	11.9556	2,746,631,540	74.2%
131,155,090	265,640	131,420,730	2,157,426,170	11.7816	2,871,791,330	75.1%
130,043,660	3,177,250	133,220,910	2,303,209,010	11.6701	3,015,692,720	76.4%
124,894,290	4,931,860	129,826,150	2,439,636,660	11.4366	3,119,200,310	78.2%
113,121,190	4,893,960	118,015,150	2,460,287,390	11.4333	2,991,369,550	82.2%
111,014,890	4,908,820	115,923,710	2,446,695,995	11.6860	2,813,076,355	87.0%
116,007,990	5,712,590	121,720,580	2,268,380,950	11.7131	2,468,153,760	91.9%
119,051,890	14,124,730	133,176,620	2,222,375,760	11.7250	2,349,535,700	94.6%

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)						
		General Operating		Solid Waste Operating		Library Operating	Voted Debt	Total Direct Taxes
		Charter	Publications	Refuse-State	Refuse-Voted			
2001	2002	7.9737	0.0282	1.9790	0.3500	-	0.0850	10.4159
2002	2003	7.8349	0.0268	2.1366	0.6133	-	0.3885	11.0001
2003	2004	7.7048	0.0253	2.1011	0.5989	1.0000	0.3679	11.7980
2004	2005	7.5769	0.0240	2.0662	0.9501	0.9834	0.3550	11.9556
2005	2006	7.4806	0.0227	2.0399	0.9380	0.9709	0.3295	11.7816
2006	2007	7.4207	0.0222	2.0235	0.9304	0.9631	0.3102	11.6701
2007	2008	7.3947	0.0214	2.0164	0.7500	0.9597	0.2944	11.4366
2008	2009	7.3947	0.0213	2.0164	0.7500	0.9597	0.2912	11.4333
2009	2010	7.3947	0.0216	2.0164	0.9965	0.9597	0.2971	11.6860
2010	2011	7.3947	0.0234	2.0164	0.9965	0.9597	0.3224	11.7131
2011	2012	7.3947	0.0239	2.0164	0.9965	0.9597	0.3338	11.7250

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		
201	2012	7.3947	0.0239 not to exceed $50,000 / year	2.0164	0.9965	0.9597	no limit

(2) County Rate includes Oakland County, Oakland County Park, Oakland County Public Transit Authority, Huron Clinton Metropolitan Park Authority and, starting in 2008, the Detroit Zoo Authority rates.

(3) Royal Oak Schools serve 98.98% of the taxable value of the city. Berkley and Clawson school districts serve the remaining area.

(4) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mills of school tax relief to qualified homeowners (Public Act 15 of 2003, MCL 211.7cc as amended). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional property tax relief.

(5) The DDA tax rate applies only to parcels within the approved Downtown District. It is in addition to all other applicable property tax rates.

Source: City Assessor's records.

Overlapping Taxes				Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (3)		
County Taxes (2)	Intermediate School District	Oakland Community College	State Education Tax (SET)	Before Schoot 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.	Downtown Development Authority (DDA) (5)
4.9645	3.4526	1.5952	6.0000	26.4282	8.6500	21.5028	35.0782	47.9310	1.7453
5.2523	3.4224	1.6090	6.0000	27.2838	8.1500	21.2061	35.4338	48.4899	1.7156
5.2471	3.3991	1.5983	5.0000	27.0425	7.8000	20.6061	34.8425	47.6486	1.7156
5.2438	3.3789	1.5889	6.0000	28.1672	7.5000	21.2061	35.6672	49.3733	1.7156
5.2411	3.3690	1.5844	6.0000	27.9761	6.0130	20.3161	33.9891	48.2922	1.6831
5.2361	3.3690	1.5844	6.0000	27.8596	7.7030	22.7100	35.5626	50.5696	1.6831
5.2361	3.3690	1.5844	6.0000	27.6261	7.6057	22.7100	35.2318	50.3361	1.6831
5.3361	3.3690	1.5844	6.0000	27.7228	7.4095	22.7100	35.1323	50.4328	1.6477
5.3361	3.3690	1.5844	6.0000	27.9755	7.3521	22.7100	35.3276	50.6855	1.6477
5.3361	3.3690	1.5844	6.0000	28.0026	7.7312	22.7100	35.7338	50.7126	1.6477
5.3361	3.3690	1.5844	6.0000	28.0145	7.7312	22.7100	35.7457	50.7245	1.6477

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Principal Property Taxpayers
Ten Year Comparison

	Assessment Year					
	2002			2011		
Taxpayer	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	$ 27,034,790	1	1.54%	$ 21,293,550	1	0.94%
Beaumont Hospital	15,563,530	3	0.89%	16,994,750	2	0.75%
Flex-N-Gate			-	15,677,130	3	0.69%
Spirit Holdings / Form Tech				14,301,530	4	0.63%
Consumer's Energy	10,024,570	5	0.57%	13,938,460	5	0.61%
Amber Equities, LLC			-	11,889,300	6	0.52%
Sears Holding				10,763,790	7	0.47%
H2 Royal Oak, LLC				9,261,160	8	0.41%
New Par/Verizon			-	8,899,820	9	0.39%
CH Royal Oak LLC				7,768,990	10	0.34%
Masco	25,247,470	2	1.44%			
Hawthorn Metal	11,565,010	4	0.66%			
Co-op Services	8,709,360	6	0.50%			
National City Bank	8,312,430	7	0.47%			
Meijer, Inc.	7,913,030	8	0.45%			
Amber Management	7,550,514	9	0.43%			
Deco Grand	5,288,091	10	0.30%			
Total taxable value of ten largest taxpayers	127,208,795		7.26%	130,788,480		5.77%
Total taxable value of all other taxpayers	1,625,080,654		92.74%	2,137,592,470		94.23%
Total taxable value of all taxpayers	$ 1,752,289,449		100.00%	$ 2,268,380,950		100.00%

Source: City Assessor

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Property Tax Levies and Collections
Last Ten Fiscal Years

			Collected within the Fiscal Year of the Levy			Total Collections to Date	
Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Amount (1)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy
2002	2003	$23,982,743	$22,721,005	94.73%	$ 1,061,254	$23,782,259	99.16%
2003	2004	26,869,041	25,491,315	94.87%	1,168,274	26,659,589	99.22%
2004	2005	28,929,702	27,362,635	94.58%	1,392,526	28,755,161	99.39%
2005	2006	30,379,835	28,584,387	94.09%	1,691,315	30,275,702	99.65%
2006	2007	32,671,722	30,418,793	93.10%	2,025,141	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%

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

Source: City Treasurer's records.

Debt Capacity Information

Ratios of Outstanding Debt
Last Ten Fiscal Years

	2003	2004	2005	2006
Governmental Activities				
General obligation bonds	$ 15,490,000	$ 14,990,000	$ 18,170,000	$ 17,700,000
Business-type Activities				
General obligation bonds	25,517,387	24,437,387	23,327,387	23,757,387
Loans and Contractual obligations	23,320,729	31,280,486	32,744,671	32,447,026
Total	48,838,116	55,717,873	56,072,058	56,204,413
Component Unit Activities				
General obligation bonds	800,000	725,000	625,000	525,000
Total debt of the City	$ 65,128,116	$ 71,432,873	$ 74,867,058	$ 74,429,413
Total taxable value	$ 1,851,748,079	$ 1,994,371,299	$ 2,038,953,627	$ 2,157,426,170
Ratio of total debt to taxable value	3.52%	3.58%	3.67%	3.45%
Total population	58,834	58,485	58,279	57,984
Total debt per capita	$1,107	$1,221	$1,285	$1,284

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

Source: City Finance Department

2007	2008	2009	2010	2011	2012
$ 17,810,000	$ 19,625,000	$ 19,850,000	$ 18,610,000	$ 17,335,000	$ 16,005,000
22,437,387	21,047,387	30,132,387	28,317,387	26,437,387	24,957,387
31,164,996	29,946,268	30,149,462	29,280,006	27,504,922	25,650,523
53,602,383	50,993,655	60,281,849	57,597,393	53,942,309	50,607,910
425,000	300,000	150,000	-	-	-
$ 71,837,383	$ 70,918,655	$ 80,281,849	$ 76,207,393	$ 71,277,309	$ 66,612,910
$ 2,303,209,010	$ 2,439,636,660	$ 2,460,287,390	$ 2,446,695,995	$ 2,268,380,950	$ 2,222,375,760
3.12%	2.91%	3.26%	3.11%	3.14%	3.00%
55,777	54,903	54,365	56,133	57,281	54,903
$1,288	$1,292	$1,477	$1,358	$1,244	$1,213

Debt Capacity Information

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

		Governmental Activities			
Fiscal Year	Limited tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt
2003	$ 6,785,000	$ 8,705,000	$ 666,776	$ -	$ 14,823,224
2004	6,590,000	8,400,000	680,823	-	14,309,177
2005	10,085,000	8,085,000	1,046,485	-	17,123,515
2006	9,940,000	7,760,000	1,437,900	-	16,262,100
2007	10,390,000	7,420,000	1,765,680	-	16,044,320
2008	12,560,000	7,065,000	1,385,001	-	18,239,999
2009	13,150,000	6,700,000	34,911	-	19,815,089
2010	12,295,000	6,315,000	30,222	-	18,579,778
2011	11,420,000	5,915,000	33,163	-	17,301,837
2012	10,510,000	5,495,000	37,897	-	15,967,103

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

Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
$ 1,851,748,079	0.80%	58,834	252
1,944,371,299	0.74%	58,485	245
2,038,953,627	0.84%	58,279	294
2,157,426,170	0.75%	57,984	280
2,303,209,010	0.70%	55,777	288
2,439,636,660	0.75%	54,903	332
2,460,287,390	0.81%	54,365	364
2,446,695,995	0.76%	56,133	331
2,268,380,950	0.76%	57,281	302
2,222,375,760	0.72%	57,364	278

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
June 30, 2012

Government Unit	Gross	Self-Supporting	Net	Net Debt Capita	Net Debt % of Taxable Value
Direct Debt - City of Royal Oak	$ 66,612,910	$ 38,897,910	$ 27,715,000	$483	1.25%

Overlapping Debt:	Gross (1)	City share as % of Gross (1)	Net City Share	Capita	% of Taxable Value
Royal Oak School District	$ 72,845,000	96.84%	$ 70,543,098		
Berkley School District	23,165,000	1.95%	451,718		
Clawson School District	28,375,000	1.04%	295,100		
Oakland County at large	97,306,733	4.34%	4,223,112		
Oakland Intermediate School District	63,250,000	4.35%	2,751,375		
Oakland County Community College	5,075,000	4.36%	221,270		
Total Overlapping Debt	290,016,733		78,485,673	$1,368	3.53%
Total Direct and Overlapping Debt	$ 356,629,643		$ 106,200,673	$1,851	4.78%

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

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

This page intentionally left blank.

Debt Capacity Information

Computation of Legal Debt Margin

Last Ten Fiscal Years

As of June 30	2003	2004	2005	2006
Valuation base				
State equalized valuation - excluding IFT values	$ 2,439,739,530	$ 2,602,654,075	$ 2,746,054,460	$ 2,871,525,690
Plus: equivalent valuation of Act 198 exemptions	10,456,211	5,985,120	577,080	265,640
Total valuation	$ 2,450,195,741	$ 2,608,639,195	$ 2,746,631,540	$ 2,871,791,330
Legal debt limitation - 10% of total valuation	$ 243,451,142	$ 259,966,151	$ 274,576,592	$ 287,139,287
Calculation of debt subject to limit:				
Debt outstanding	65,128,116	71,432,873	74,867,058	75,282,703
Less: Bonds not subject to limit	(34,469,219)	(41,917,168)	(42,864,058)	(46,219,294)
Net debt subject to limit	30,658,897	29,515,705	32,003,000	29,063,409
Additional Debt which can be legally incurred	$ 212,792,245	$ 230,450,446	$ 242,573,592	$ 258,075,878
Non-exempt debt as a percent of debt limit	1.25%	1.13%	1.17%	1.01%

Source: City Finance Department

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

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

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

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

(a) Ten percent of all the real and personal property of the city adjusted for tax abated property.

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

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

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

2007	2008	2009	2010	2011	2012
$ 3,012,515,470	$ 3,114,268,450	$ 2,986,475,590	$ 2,808,167,535	$ 2,462,441,170	$ 2,349,535,700
3,177,250	4,931,860	4,893,960	4,908,820	5,712,590	14,124,730
$ 3,015,692,720	$ 3,119,200,310	$ 2,991,369,550	$ 2,813,076,355	$ 2,468,153,760	$ 2,363,660,430
$ 301,092,684	$ 311,920,031	$ 299,136,955	$ 281,307,636	$ 246,815,376	$ 236,366,043
71,837,383	70,918,655	80,281,849	76,207,393	71,277,309	66,612,910
(44,273,335)	(43,878,655)	(46,396,849)	(44,452,393)	(26,437,387)	(38,897,910)
27,564,048	27,040,000	33,885,000	31,755,000	44,839,922	27,715,000
$ 273,528,636	$ 284,880,031	$ 265,251,955	$ 249,552,636	$ 201,975,454	$ 208,651,043
0.91%	0.87%	1.13%	1.13%	1.82%	1.17%

Debt Capacity Information

Pledged Revenue Coverage
Last Ten Fiscal Years

	Water Revenue Bonds						
Fiscal Year	Water & Sewer Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement Principal	Interest	Total	Coverage
2003	$ 14,949,750	$ 13,118,699	$ 1,831,051	$ 964,235	$ 807,551	$ 1,771,786	103%
2004	15,196,867	13,044,416	2,152,451	896,906	206,890	1,103,796	195%
2005	16,777,421	14,082,981	2,694,440	1,964,171	196,159	2,160,330	125%
2006	19,115,763	14,109,712	5,006,051	2,163,984	204,050	2,368,034	211%
2007	19,714,401	14,563,795	5,150,606	1,972,419	379,445	2,351,864	219%
2008	21,114,411	14,800,538	6,313,873	1,914,068	360,767	2,274,835	278%
2009	20,683,908	14,911,446	5,772,462	2,443,181	414,129	2,857,310	202%
2010	21,751,452	16,101,596	5,649,856	2,681,982	1,246,379	3,928,361	144%
2011	25,940,143	18,970,691	6,969,452	2,758,597	1,228,393	3,986,990	175%
2012	27,426,573	19,275,416	8,151,157	2,829,400	1,151,522	3,980,922	205%

Note: (1 Operating expenses net of deprecation and amortization.

Source: City Finance Department

This page intentionally left blank.

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)
2003	$ 28,712	$ 58,834	$ 48,940	$2,879,336	*	6,311
2004	28,678	58,485	49,776	2,911,149	38.6	6,017
2005	28,722	58,279	51,078	2,976,775	36.2	5,726
2006	28,760	57,984	52,310	3,033,143	39.3	5,496
2007	28,889	55,777	53,429	2,980,109	39.5	5,301
2008	28,674	54,903	54,900	3,014,175	39.9	5,270
2009	28,601	54,365	50,334	2,736,408	40.1	5,489
2010	27,639	56,133	49,917	2,801,991	40.6	5,528
2011	28,169	57,281	49,917	2,859,296	39.1	5,470
2012	28,216	57,364	49,917	2,863,439	40.5	5,172

Source:
- * Information not available
- (1) U.S. Census and SEMCOG
- (2) 2003-2010 U.S. Department of Commerce, Bureau of Economic Analysis, Regional Bearfacts for Oakland County, MI. 2011-2012 Estimated using last year available.
- (3) U.S. Census estimates
- (4) Royal Oak Schools Fall enrollment count. (excludes Alternative Education)
- (5) Michigan Dept. of Labor & Economic Growth (MDLEG): Labor Market Information. Data is not seasonally adjusted and it is on a calendar basis. Current year is as of September.

Royal Oak (5)		Michigan (5)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
36,471	3.4%	5,033	7.1%
36,205	3.5%	5,043	7.1%
36,009	3.5%	5,063	6.8%
35,684	3.5%	5,071	6.9%
35,342	3.8%	5,038	7.1%
34,503	4.4%	4,976	8.3%
33,082	8.2%	4,889	13.6%
33,222	8.4%	4,852	13.8%
32,861	6.7%	4,749	11.1%
33,122	6.7%	4,701	11.0%

Demographic and Economic Information

Principal Employers
Ten-Year Comparison

		2002			2012		
Company Name	Product/Service	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	9,788	1	26.47%	9,602	1	28.99%
City of Royal Oak	Municipality				427	2	1.29%
Royal Oak School District	Education	1,249	2	3.38%	397	3	1.20%
Oakland Community College	Education				377	4	1.14%
Flex-N-Gate Royal Oak	Automotive supplier				374	5	1.13%
HHI - Form Tech Industries LLC	Automotive Supplier				340	6	1.03%
Meijer, Inc.	Retailer/grocery store	773	4	1.95%	327	7	0.99%
Holiday Market	Grocery store				270	8	0.82%
Consumers Energy	Utility	1,102	3	2.98%	265	9	0.80%
Detroit Zoological Society	Zoo				241	10	0.73%
Grand Machining	Industrial Machining	400	5	1.08%			-
Masco Industries	Building products	388	6	1.05%			-
Hawthorne Metal Products	Automotive supplier	380	7	1.03%			-
Newcor Deco Division Inc.	Transportation Equipment	365	8	0.99%			-
Talon Automotive Group	Automotive Stamping	350	9	0.95%			-
Beaumont Services Company	Business Services	348	10	0.94%			-
Total		15,143		40.96%	12,620		38.10%

Sou Royal Oak Finance Department

Operating Information

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	33	32	32	31	29	29	27	20	20
Other police vehicles	23	23	23	21	15	16	16	13	15	15
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	9	9	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	4	4
Public Parking										
Spaces	3,464	3,719	3,557	3,445	3,445	3,424	3,678	3,678	3,678	3,678
Decks	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
Lots	867	923	923	778	821	1,092	1,244	1,380	1,380	1,380
Streets	690	696	675	757	757	750	766	766	766	766
Meters	1,693	1,760	1,739	1,676	1,717	1,950	2,010	2,151	2,151	2,210
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	50	50	50	50	50	50	50	50	50	50
Park acreage	310	310	310	310	310	310	310	310	310	310
Golf courses/holes	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.
Indoor ice skating surfaces	2	2	2	2	2	2	2	2	2	2
Tennis courts	33	33	33	33	33	33	33	33	33	33
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	117,596	131,989	139,309	132,186	139,843	153,499	175,713	185,301	177,803	181,523
Public computers	23	23	23	36	36	36	36	36	47	44
Roads and Sidewalks										
Miles of major streets	*	*	*	*	64.40	64.40	64.40	64.40	64.40	64.40
Miles of local streets	*	*	*	*	148.27	148.27	148.27	148.27	148.27	148.27
Miles of sidewalk	*	*	*	*	420	420	420	420	420.5	420.6
Utilities										
Water										
Miles of water main	215	215	215	215	215	215	215.50	215.50	217.00	217
Miles of sewer	357	357	357	357	357	357	357.70	357.70	358.50	359
Number of hydrants	2049	2054	2057	2062	2064	2064	2070	2070	2111	2,115
Forestry										
Number of trees in rights-of-way	*	*	*	*	21,138	23,121	23,121	23,121	20,781	22,048

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		2003	2004	2005
Election data	(calendar year)			
Registered voters		48,700	49,605	47,098
Elections held		2	3	3
Voters (at the polls or absentee)		10,808	35,204	16,645
Percent voting		22.2%	71.0%	35.3%
Vital Records	(calendar year)			
Birth		7,114	6,658	6,230
Death		1,947	2,016	1,994
District Court				
Number of court cases by judges		7,402	6,934	6,946
Number of court cases by magistrates		8,818	8,233	9,441
Number of traffic tickets disposed		28,091	23,940	25,503
Number of criminal cases disposed		2,589	2,020	2,861
Number of civil cases disposed		2,722	2,666	2,430
Number of parking tickets disposed		72,772	90,700	81,211
Assessing				
Parcels	(tax / calendar year)	23,053	23,209	23,328
Documents processed (prior to 2008 PTAs only)		1,128	1,358	1,033
Building and Safety				
Permits issued		2,012	1,907	1,730
Estimated permit value ($000)		$54,410	$83,172	$106,404
Police	(calendar year, 2009 through June 30)			
Calls for service		32,669	33,077	34,340
Group A offenses		3,401	3,286	3,635
Group B offenses		1,496	1,769	2,260
Traffic violations issued		21,884	23,832	23,236
Parking violations issued		*	*	80,314
Fire				
Fire runs		1,484	1,510	1,585
Emergency medical runs		3,518	3,608	3,648
Inspections		*	*	165
Human Resources				
Employment applications - full & part-time		489	975	1,383
Hires, position changes, retirements, terminations		67	89	55
Workers' comp. claims filed - medical & indemnity		123	102	93
Health insurance enrollees - Employees		350	340	330
Health insurance enrollees - Retirees		369	382	387

Source: City Departments
Note: * Information not available

2006	2007	2008	2009	2010	2011	2012
46,047	46,111	47,881	47,374	48,167	47,167	*
3	1	3	1	1	1	*
27,746	8,222	35,357	8,553	7,456	7,456	*
60.3%	17.8%	73.8%	17.7%	15.5%	15.8%	*
6,094	6,107	5,975	8,404	5,053	5,069	*
1,995	2,143	2,046	2,017	1,870	1,823	*
7,689	7,404	7,768	7,928	8,081	7,607	7,341
10,725	8,463	9,926	8,190	9,574	7,947	7,012
27,157	28,146	24,626	20,692	18,797	13,906	13,836
2,706	2,986	4,376	3,354	4,743	4,503	1,968
2,662	2,765	3,138	3,288	3,358	3,024	2,879
68,526	86,140	91,226	77,403	87,650	98,003	97,425
24,172	24,280	27,867	27,754	27,632	27,608	27,641
864	841	3,344	1,254	1,194	4,479	4,061
1,522	1,375	1,289	564	1,636	1,741	1,601
$109,009	$53,464	$53,075	$6,859	$34,772	$30,539	$33,116
33,733	31,743	32,140	31,602	31,111	29,887	*
3,899	3,776	3,616	3,242	2,949	2,963	*
2,205	2,621	2,590	2,478	2,199	1,948	*
26,956	21,635	20,934	17,212	15,221	13,659	*
67,519	92,136	79,776	86,322	88,830	97,391	*
1,492	1,620	1,869	1,532	1,625	1,806	1,824
3,573	3,590	3,951	3,828	3,537	3,711	3,898
259	261	271	291	513	435	515
985	986	329	548	332	333	822
64	45	61	49	78	202	107
59	62	83	64	66	61	61
321	311	300	287	293	242	254
386	389	380	379	391	408	438

CITY OF ROYAL OAK, MICHIGAN

Operating Information

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

Function / Program	2003	2004	2005
Library (The library was closed for eight months in FY 2006 during remodeling.)			
Cardholders - new registrations	*	*	*
Cardholders - total registrations	22,656	23,894	27,077
Circulation - number of transactions	249,277	259,987	233,555
Number of visitors	257,121	252,705	232,888
Number of computer uses	38,428	33,888	38,902
Number of programs/events offered	*	*	*
Number of program/event attendees	*	*	*
Parks and recreation			
Ice rental and other use (hours per calendar year)	8,153	7,927	7,269
Recreation program participants	*	*	11,694
Golf Course			
Rounds of Golf - Normandy Oaks	*	*	*
Rounds of Golf - Royal Oak	*	*	*
Senior Programs			
Senior activity sessions	5,501	5,500	4,654
Senior activity participants	115,610	115,000	103,699
Senior meals served on-site and delivered	36,983	33,320	37,439
Senior transportation trips	16,320	17,839	17,757
Senior AGE program - Service Hours	15,000	23,500	24,000
Senior ROSES program in-home support jobs	*	3,297	2,995
Public Works / Engineering			
Miles of street resurfaced	8.17	7.44	0.69
Square feet of sidewalk - removed & replaced	247,653	329,240	230,710
Square feet of sidewalk - new	20,389	14,879	35,628
Curbside refuse collected (tons)	31,785	32,403	30,185
Curbside compost collected (tons)	11,073	9,739	8,830
Curbside recyclables collected (tons)	4,244	4,279	4,069
Leaf collection (tons)	7,005	6,611	6,662
Feet of watermain - replaced	428	3,620	3,892
Feet of watermain - new	0	270	1,395
Feet of sewer - replaced	0	612	0
Feet of sewer - new	0	95	0
Utilities - Water and Sewer			
Number of customers billed	23,605	23,669	23,743
Water units purchased (100 cubic feet)	349,899,600	318,265,000	308,870,900
Water units billed (100 cubic feet)	328,446,202	305,206,073	292,866,093
Wastewater units disposed (100 cubic feet)	*	*	*

Source: City Departments
Note: * Information not available

2006	2007	2008	2009	2010	2011	2012
*	*	4,415	4,860	4,620	4,064	3,677
29,812	24,364	25,771	28,166	30,700	31,762	32,262
155,864	336,445	360,333	405,067	423,356	455,847	451,097
75,000	296,578	481,986	618,279	653,482	651,552	572,957
31,037	104,043	97,482	77,910	65,858	64,075	74,560
*	345	435	549	532	510	704
*	9,513	13,180	15,862	14,664	16,172	16,323
7,702	7,458	7,496	7,820	7,459	7,511	*
12,527	15,124	15,756	16,208	16,548	16,560	16,600
*	15,107	17,230	16,136	14,224	10,275	9,536
*	25,883	27,140	26,017	24,354	17,970	17,340
4,585	4,000	3,794	3,879	4,019	4,147	4,176
98,685	70,909	93,275	95,832	96,549	90,641	95,742
55,712	62,100	42,168	34,010	34,496	28,208	24,052
17,321	18,000	18,120	18,690	16,755	15,249	14,101
24,000	24,000	24,000	24,000	19,675	24,000	24,000
2,300	2,000	2,045	2,542	2,617	3,164	3,839
0.46	0.00	2.11	3.00	3.38	2.60	2.52
329,738	*	22,364	31,000	43,465	29,583	242,330
55,311	*	9,973	1,000	2,069	1,100	1,989
28,620	27,778	28,690	24,939	23,587	23,226	22,780
6,706	9,006	10,829	10,432	10,337	9,943	7,770
3,477	3,043	3,415	3,654	3,754	3,940	3,908
9,680	3,900	5,125	3,643	3,256	10,340	3,677
3,830	3,693	8,373	9,765	6,048	8,270	5,323
306	1,165	1,160	2,333	2,527	499	892
3,111	579	1,625	1,967	0	0	0
0	1,708	2,155	989	0	0	801
23,802	23,848	23,873	23,894	23,892	23,907	23,912
315,553,300	332,034,800	293,807,500	278,193,100	260,659,900	266,638,900	275,758,400
304,626,900	280,103,918	288,715,060	261,780,300	247,389,000	264,545,100	248,509,201
311,874,000	302,249,700	293,592,500	277,958,800	264,178,600	266,435,300	275,555,200

CITY OF ROYAL OAK, MICHIGAN

Operating Information

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

	Fiscal Year Ending June 30,									
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
44th District Court/Probation	23	23	23	22	22	22	22	22	20	20
Administrative Services										
Manager	3	3	2	2	2	2	2	2	2	2
Attorney	4	4	4	5	4	5	4	4	3	3
City Clerk	7	7	7	4	4	4	4	5	4	4
Human Resources	4	5	4	4	4	4	4	4	2	2
Building	12	12	12	11	11	11	11	8	5	5
Code Enforcement	7	7	7	6	5	5	4	6	4	2
Engineering	12	12	9	11	10	10	10	10	7	9
Planning	5	5	5	6	5	5	5	4	4	4
Block Grant	3	3	3	3	3	3	2	1	1	1
Housing	2	2	2	2	2	2	1	2	1	1
Finance Group	7	7	6	6	6	6	6	6	6	5
Assessing	5	5	5	5	4	4	4	4	4	3
Purchasing	1	1	1	1	1	1	1	-	-	-
Treasurer	5	5	5	5	5	5	5	4	4	4
Water Billing	1	2	2	2	2	2	1	1	1	1
Information Systems	6	6	6	6	6	6	4	4	4	4
Subtotal	83	85	79	79	74	75	68	65	51	49
Library	15	15	15	12	14	13	13	12	12	11
Public Safety										
Police	123	123	117	107	106	107	103	98	82	77
Fire	72	72	68	70	65	63	63	62	56	56
Subtotal	195	195	185	177	171	170	166	160	138	133
Recreation & Public Services										
Public Service										
Parks & Forestry	16	16	14	13	8	8	8	8	2	8
CH Building Maintenance	2	2	2	2	2	2	2	2	2	2
Highway	23	23	20	14	16	16	14	14	-	-
Motor Pool	12	12	12	12	12	12	11	11	10	9
Electrical	2	2	2	2	2	1	1	1	1	-
Solid Waste	-	-	1	1	1	1	1	2	15	13
Water Maintenance	9	9	9	8	9	9	9	8	12	8
Water Meter Services	6	6	6	6	6	6	6	6	5	5
Sewer Maintenance	10	10	10	9	9	9	9	8	9	8
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	2	4	4	3	2	2	2	2	2	2
Ice Arena	-	1	1	1	1	1	1	1	1	-
Senior Services	2	2	2	2	2	2	2	2	2	1
Subtotal	87	90	86	76	73	72	69	68	64	59
Total	403	408	388	366	354	352	338	327	285	272

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

Source: City Finance Department