City of Royal Oak, Michigan

Royal Oak
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Year Ended June 30, 2014

Comprehensive Annual Financial Report

City Commission

Mayor
James B. Ellison

Mayor Pro Tem
David J. Poulton

Commissioners

Sharlan Douglas
Michael Fournier
Jeremy Mahrle
Kyle Dubuc
Peggy Goodwin
David Poulton

Administration

City Manager
Donald E. Johnson

Director of Finance
Julie Rudd

Assistant Finance Director/Controller
Anthony C. DeCamp

Prepared by the Finance Department

Royal Oak

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CITY OF ROYAL OAK, MICHIGAN

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INTRODUCTORY SECTION

Royal Oak
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Finance Department
211 South Williams Street
Royal Oak, MI 48067

November 24, 2014

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, 2014. The City of Royal Oak Charter and State statute require that the City of Royal Oak issue a report annually, within six months of the close of each fiscal year, on its financial position and activity, and that this report be audited by an independent firm of licensed certified public accountants.

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

The financial statements and supplemental schedules contained in the financial section herein have been independently audited by Rehmann, Certified Public Accountants. The City has received an unmodified opinion for the June 30, 2014 fiscal year's statements. An unmodified opinion is the most favorable opinion that can be issued. The auditor's opinion does not encompass information in the introductory or the statistical sections of this report. The independent auditor's report is located prior to the MD&A (Management Discussion & Analysis) letter.

Profile of the City of Royal Oak

The City of Royal Oak is a metropolitan Detroit suburb located in southeastern Oakland County, Michigan. The approximately 12 square mile community is located ten miles north of downtown Detroit. Royal Oak's history dates back to the extension of the railroad line from Detroit to Pontiac. In recent years, the City has experienced resurgence as a regional entertainment destination, dynamic place to live and meeting grounds for creative minds. Today, it is estimated that Royal Oak is home to approximately 57,236 residents.

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

The City offers a variety of recreational and cultural activities, which enhances the quality of life for residents and also attracts large numbers of visitors. Royal Oak has worked 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 fifth year, the City hosted the annual Arts, Beats & Eats festival during Labor Day weekend, attracting hundreds of thousands of visitors.

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

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

Government

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

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

Local Economy and Demographics

The City of Royal Oak is a mature and mostly developed community experiencing redevelopment. New development was very strong earlier this decade emphasizing in-fill and redevelopment of business buildings and houses. Building permit revenue increased 25% over fiscal year 2013 and doubled since fiscal year 2012.

The City's assessed taxable value for residential property is nearly 74%, 18% commercial property, 2% industrial and 6% personal property. Due to new legislation the city lost $5 million in personal property taxable value for fiscal year 2015. Currently, the industrial, commercial and residential values have vacant parcels and their values are included in these percentages. Royal Oak's office and retail vacancy rates are among the lowest in southeast Michigan at 11.9% and 6.9% respectively. Over thirty creative and technology companies have located in Royal Oak since 2010, including Hulu's Detroit office, Vectorform and Crowdrise. Recently Royal Oak was ranked as one of the "Top 10 Small Exciting Cities in America" and one of the "Top 10 Small Exciting Places in Michigan" (Movoto).

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

Royal Oak's labor force is approximately 34,270 persons with per capita personal income at approximately $38,431. Royal Oak's unemployment rate for August 2014 was 4.2 percent compared favorably to the State's unemployment rate of 7.4 percent for the same period.

Fiscal Highlights

The City prepared a detailed budget with a four year outlook to assist with the financial planning. The long-term financial planning that is included in Royal Oak's budget makes general financial projections for four years. For each fund, a summary table shows beginning fund balance, projected revenue, projected expenditures, projected transfers, and projected ending fund balance for each year of the four year projections. The fiscal year 2014 ending general fund, fund balance increased by $3.4 million as opposed to a more modest contribution of $141,400 originally budgeted. The year ended with a fund balance of 37% of expenditures however fund balance is projected to be within policy range by fiscal year 2016 due to increased transfers to public safety fund needed in future years. Fortunately, on November 6, 2012 the voters of Royal Oak approved a ballot proposal that authorizes the City to levy up to 3.975 mills for police, fire and EMS operations for five years. After the passage of the millage, the City immediately levied 3.475 mills on the 2012 Winter tax bill. The City levied 3.475 mills for the first two years and plans to levy the maximum levy for the last three years. Over the 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 millage, the general fund is able to maintain a healthy fund balance.

Long-term Financial Planning

Not only did the City prepare a four year forecast during the budget preparation process, for a fourth year the city administration prepared a comprehensive six-year capital improvement plan (CIP). The CIP was unanimously adopted by the planning commission prior to the end of the fiscal year 2015 budget process. This capital improvement plan is also included in the budget document. The CIP includes all of the capital projects and reports the possible sources of funding by project for the next six years totaling over $83 million. By way of the CIP process, it was identified that the City needed to develop a new strategy to fund the six-year major and local street reconstruction demands. The city commission conducts strategic planning sessions each year prior to the administration's budget preparation. The last session identified street funding (and legacy cost) resolutions as major objectives to address in fiscal year 2015. A millage ballot proposal of 2.5 mills was put on the November 4, 2014 election by the city commission. This ballot proposal was passed by voters in response to the road funding problem. Nearly $6 million of park projects were added to the CIP as the recreation master plan has recently been adopted.

Financial Policies

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

Internal Controls

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

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions; however due to the downsizing of the treasury office's this has become difficult to accomplish and has caused some processes to be less efficient.

Budgeting Controls

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

Activities of the general fund and special revenue funds are included in the appropriation act adopted prior to each fiscal year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function level in the general fund and the special revenue funds. All of the funds' budgets are reviewed for budget to actual variances on a monthly basis.

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

Grants

The City received under $2.1 million in federal grant revenue. We were recipients of $1.9 million in funds through the Community Development Block Grant. The City received more than $120,000 via the Assistance to Firefighters grant.

Management Discussion and Analysis. Generally accepted accounting standards require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the MD&A letter.

This letter of transmittal is designed to compliment and not to repeat, the MD&A and should be read in conjunction with it. The City's MD&A letter can be found immediately following the report of the independent auditor.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Royal Oak for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and hope to receive the award for fiscal year ended June 30, 2014. We hope this comprehensive report assists its readers in understanding the City's financial status.

The preparation of this report was made possible by the dedicated public service by Anthony DeCamp, the city's assistant finance director/controller, and the balance of the finance department staff.

Respectfully submitted,

Julie Rudd
Director of Finance

Approved,

Donald E. Johnson
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

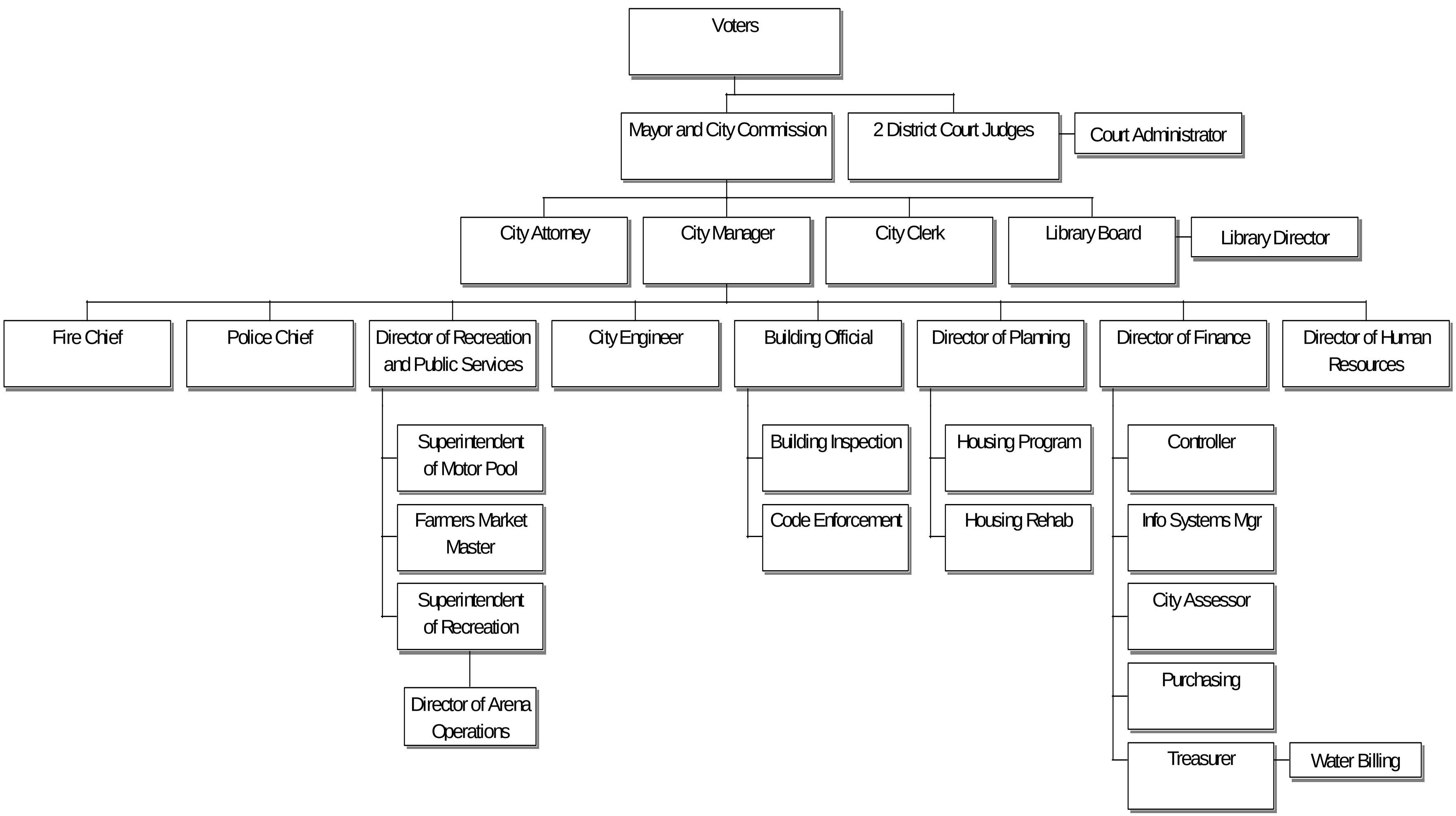
City of Royal Oak
Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF ROYAL OAK, MICHIGAN
Organization Chart
As of June 30, 2014



CITY OF ROYAL OAK, MICHIGAN
Principal Officials
As of June 30, 2014

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

FINANCIAL SECTION

Royal Oak
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Rehmann

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INDEPENDENT AUDITORS' REPORT

November 24, 2014

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Royal Oak, Michigan* (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Royal Oak, Michigan, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 67

The City implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans,* in the current year. While there was no effect on the amounts reported in the financial statements themselves, there were substantial changes to the disclosures found in Note 11 to the financial statements, including the calculation of the City's net pension liability, which will be required to be recorded by the City in its next fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 24, 2014, on our consideration of the City of Royal Oak, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rehmann Robson LLC

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by $243,658,104 (net position). Of this amount, $25,002,395 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.

- The government's total net position increased by $8,895,156 as compared to a $11,853,878 increase in the previous year.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $34,848,730. Approximately 32 percent of this total amount, $11,149,199 is unassigned, all in the general fund.

- At the end of the current fiscal year, the $11,149,199 of unassigned fund balance for the general fund was 38 percent of total general fund expenditures and transfers out. The City's current fund balance policy is to maintain unassigned at ten percent of budgeted expenditures but no more than twenty five percent of budgeted expenditures. Balances are projected to fall within policy by fiscal year 2016 due to the need to increase transfers out to the public safety fund.

- General fund tax revenue increased by $224,389 or 1.4 percent and total City tax revenue increased $382,640 or 1.2 percent due to the new public safety millage. Licenses and permits revenue increased by $606,310 or 14.3 percent, state grants revenue increased $447,669 or 5.2 percent, fines and forfeitures increased $368,588 or 9.0 percent and contributions and donations increased $739,049 or 5.5 percent.

- Total governmental fund expenditures increased by $2,984,054 or 5.6 percent mostly due to an increase of $1,929,710 or 7.7 percent for police and fire costs, an increase of $502,794 or 3.7 percent for public safety and an increase of $340,609 or 10.4 percent for recreation and culture. Transfers out increased $777,782 or 3.6 percent due to the net effect of a transfer to capital projects to finance the special assessment sidewalks and the elimination of the one-time transfers to the ice arena, information systems, and motor pool funds.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include, not only the City itself (known as the *primary government),* but also a legally separate tax increment financing authority, a legally separate downtown development authority and a legally separate brownfield redevelopment authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City of Royal Oak Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore its activities have been included as an integral part of the primary government of the City.

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

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

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

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

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

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

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.

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by $243,658,104, an increase of $8,895,156 or 3.4 percent, at the close of the most recent fiscal year.

By far the largest portion of the City's net position (82 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($25,002,395) may be used to meet the government's ongoing obligations to residents and creditors, an increase of $6,919,959 from 2013.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 65,388,863	$ 56,935,039	$ 28,272,676	$ 26,432,920	$ 93,661,539	$ 83,367,959
Capital assets, net	140,365,112	138,954,869	115,125,730	114,767,514	255,490,842	253,722,383
Total assets	205,753,975	195,889,908	143,398,406	141,200,434	349,152,381	337,090,342
Deferred charge on refunding	58,332	64,264	244,518	265,181	302,850	329,445
Long-term liabilities	18,978,114	19,237,326	43,626,833	47,164,634	62,604,947	66,401,960
Other liabilities	37,852,994	32,251,513	5,339,186	4,003,366	43,192,180	36,254,879
Total liabilities	56,831,108	51,488,839	48,966,019	51,168,000	105,797,127	102,656,839
Net position:						
Net investment in capital assets	126,120,881	124,348,655	74,792,125	71,310,977	200,913,006	195,659,632
Restricted	17,742,703	21,020,880	-	-	17,742,703	21,020,880
Unrestricted (deficit)	5,117,615	(904,202)	19,884,780	18,986,638	25,002,395	18,082,436
Total net position	$ 148,981,199	$ 144,465,333	$ 94,676,905	$ 90,297,615	$ 243,658,104	$ 234,762,948

The City's net position increased by $8,895,156 during the current fiscal year as compared to a $11,853,878 increase in the previous year. The increase is mostly attributed to an increase in current and other assets. It is important to report that the other postemployment benefit (OPEB) liability jumped 29% to $30,770,836.

Governmental Activities

Governmental activities increased the City's net position by $4,515,866 as compared to a $6,873,321 increase in the previous year, a difference of $2,357,455 between the two years. This difference is due to an increase in expenses of $2,767,492 mostly from the increase in public safety expenses. Overall, revenues were mostly flat.

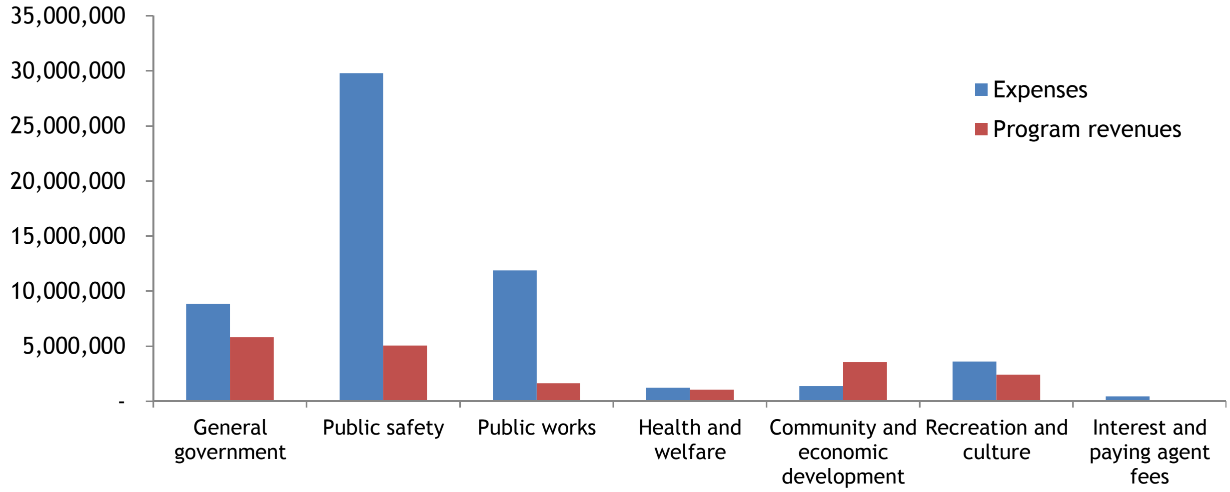
Business-type Activities

Business-type activities increased the City's net position by $4,379,290 as compared to a $4,980,557 increase in the previous year, a difference of $601,267 mostly due to charges for services in the water and sewer fund and for parking in the auto parking fund. Additionally, lower transfers out for capital projects in the parking system and higher transfers in, due to work in progress being capitalized, in the water and sewer fund contributed.

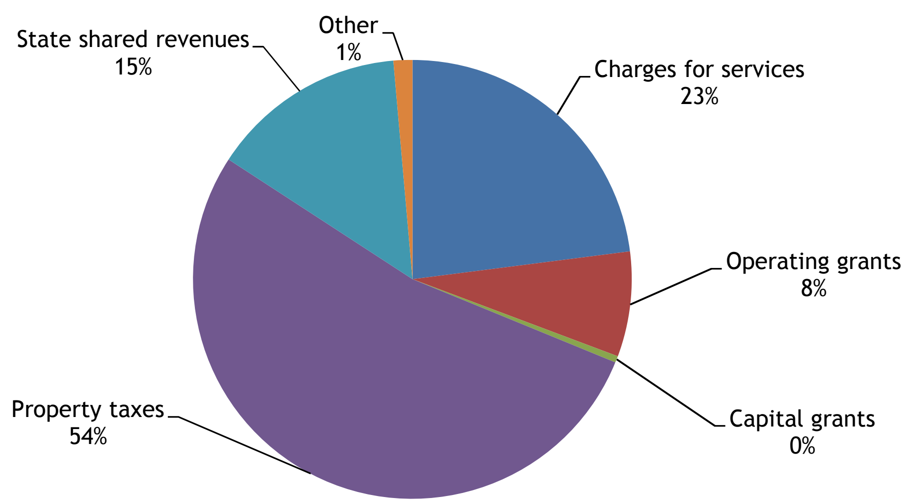
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	$ 14,390,030	$ 13,723,460	$ 31,509,258	$ 32,600,066	$ 45,899,288	$ 46,323,526
Operating grants	4,852,240	4,596,773	634,047	747,570	5,486,287	5,344,343
Capital grants	299,977	81,630	-	150,919	299,977	232,549
General revenues:						
Property taxes	32,605,336	34,016,290	-	-	32,605,336	34,016,290
State shared revenues	9,043,725	8,542,746	-	-	9,043,725	8,542,746
Other	862,786	440,785	26,077	-	888,863	440,785
Total revenues	62,054,094	61,401,684	32,169,382	33,498,555	94,223,476	94,900,239
Expenses:						
General government	8,823,978	8,685,580	-	-	8,823,978	8,685,580
Public safety	29,807,897	27,661,032	-	-	29,807,897	27,661,032
Public works	11,870,834	11,471,347	-	-	11,870,834	11,471,347
Health and welfare	1,235,631	1,206,154	-	-	1,235,631	1,206,154
Community and economic development	1,381,937	1,384,747	-	-	1,381,937	1,384,747
Recreation and culture	3,612,171	3,465,650	-	-	3,612,171	3,465,650
Interest and paying agent fees	445,709	536,155	-	-	445,709	536,155
Water & sewer	-	-	22,560,736	22,905,058	22,560,736	22,905,058
Parking	-	-	2,968,028	3,117,172	2,968,028	3,117,172
Recreation	-	-	2,195,258	2,229,831	2,195,258	2,229,831
Farmers market	-	-	426,141	383,635	426,141	383,635
Total expenses	57,178,157	54,410,665	28,150,163	28,635,696	85,328,320	83,046,361
Change in net position, before transfers	4,875,937	6,991,019	4,019,219	4,862,859	8,895,156	11,853,878
Transfers	(360,071)	(117,698)	360,071	117,698	-	-
Change in net position	4,515,866	6,873,321	4,379,290	4,980,557	8,895,156	11,853,878
Net position:						
Beginning of year	144,465,333	137,592,012	90,297,615	85,317,058	234,762,948	222,909,070
End of year	$ 148,981,199	$ 144,465,333	$ 94,676,905	$ 90,297,615	$ 243,658,104	$ 234,762,948

Management's Discussion and Analysis

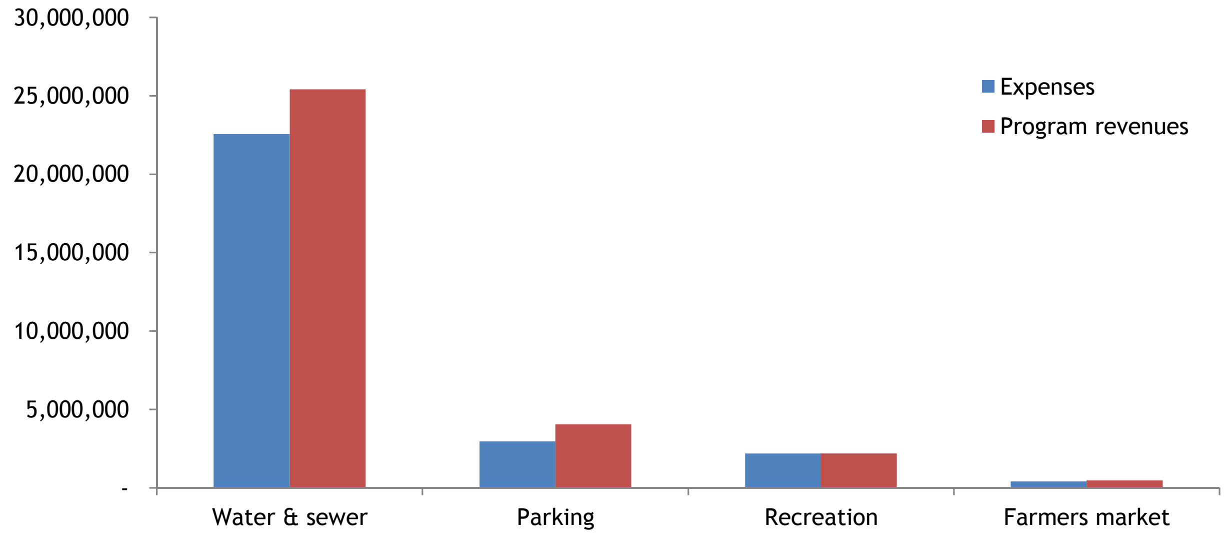
Expenses and Program Revenues - Governmental Activities



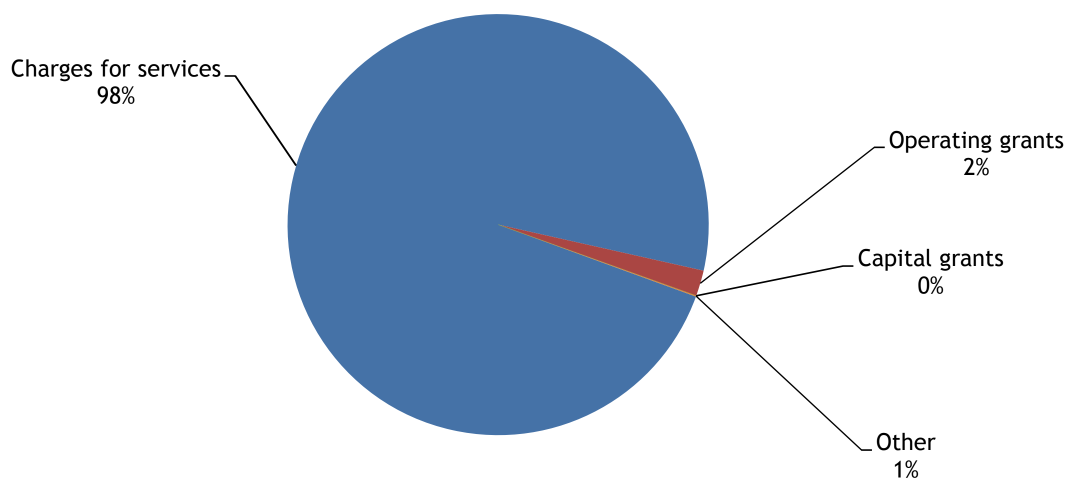
Revenues by Source - Governmental Activities



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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $34,848,730, an increase of $6,724,755 in comparison with the prior year. Approximately 32 percent ($11,149,199) of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion, within allowable use. The remainder of fund balance is nonspendable such as inventories ($146,066) and an endowment ($1,000), restricted due to restraints of the fund ($17,595,637) or assigned for eligibile retirement bank payouts ($225,000), OPEB recovery contributions ($2,630,000) and public safety ($3,101,828).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $11,149,199 while total fund balance was $14,649,116. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 38 percent of total general fund expenditures and transfers out, while total fund balance represents 50 percent of general fund expenditures and transfers out.

The fund balance of the City's general fund increased by $3,740,200 during the current fiscal year. The original budget included just a slight contribution to fund balance. However, higher tax revenue, court fines, and interest income along with lower than budgeted expenditures contributed to the surplus.

The public safety fund was created in fiscal year 2013 due to the passage of a five year public safety millage in November 2012. The City is authorized to levy up to 3.975 mills, however, the City levied only 3.475 mills on the winter tax bill. The fund realized an increase in fund balance of $824,488 due to lower personnel benefit expenditures (relative to budget), higher tax revenue and higher ambulance fee revenue.

The solid waste fund has a total fund balance of $6,604,783, 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 $172,859, which is mostly due to lower personnel benefit, disposal, hauling and motor pool costs.

General Fund Budgetary Highlights

Revenues in the general fund were $1,216,739 over the final budget and $1,887,739 over the original budget. The increase is mostly attributed to an increase with the property tax revenue, cable franchise revenue, dog licenses, landlord licenses, state shared revenue, and court fines. Expenditures in the general fund were $848,759 less than the amended budget and $808,850 less than the original budget due to personnel savings, contracted services savings and some capital projects not being performed. Transfers out to the public safety fund decreased by over $1.2 million due to personnel savings, some of which was due to vacancies. Transfers out to capital projects increased $470,000 to finance the special assessment sidewalk program.

Financial Analysis of the Business-type Funds

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

Unrestricted net position of the water and sewer system at the end of the year amounted to $11,288,633. The total increase in net position for water and sewer was $3,796,433, as compared to a $4,395,713 increase in the previous year. This increase in net position this year was mostly due to a decrease bonds payable and an increase in capital assets.

Unrestricted net position for the auto parking system fund amounted to $5,529,403. The total increase in net position for this fund was $35,210 mostly due to a reduction in bonds payable.

The total of the nonmajor enterprise funds unrestricted net position improved by $200,741. The ice arena fund has unrestricted net position of $130,240, an improvement from last year's $111,583 unrestricted net position. The arts, beats, & eats, recreation and farmers market unrestricted net position increased mostly due to increases in cash and investments based on operating revenue.

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to $255,490,842 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year is less than 1 percent.

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

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 66,774,752	$ 66,774,752	$ 9,958,656	$ 9,992,579	$ 76,733,408	$ 76,767,331
Buildings	16,899,053	17,449,698	17,071,977	17,895,190	33,971,030	35,344,888
Improvements other than buildings	762,403	854,192	66,546	72,856	828,949	927,048
Machinery and equipment	9,910,428	9,667,748	109,366	146,621	10,019,794	9,814,369
Infrastructure	41,659,827	40,422,894	83,183,181	83,105,084	124,843,008	123,527,978
Intangibles	-	2,427	-	-	-	2,427
Construction in progress	4,358,649	3,783,158	4,736,004	3,555,184	9,094,653	7,338,342
Total	$ 140,365,112	$ 138,954,869	$ 115,125,730	$ 114,767,514	$ 255,490,842	$ 253,722,383

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

Long-term Debt

At the end of the current fiscal year, the City had total debt outstanding of $62,604,947. Of this amount, $26,067,000 is limited general obligation debt issued by the City, which has pledged its full faith and credit for the repayment; dedicated revenue sources have been established for the repayment of this debt. A tax levy authorized by the residents of Royal Oak funds $4,475,000 of unlimited general obligation debt. Another $5,497,387 of the debt was obtained through the State Revolving Fund and is an obligation of the City and five surrounding communities; the City's portion of the debt is $2,698,710 with the remainder being paid from receipts of the other five communities. Another $21,778,969 of the debt is the City's portion of county debt issued for the benefit of the City and surrounding communities. The remainder of the debt is composed of vested benefits, general liability claims and unamortized bond discounts and premiums.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Limited general obligation bonds	$ 9,707,000	$ 9,565,000	$ 16,360,000	$ 17,210,000	$ 26,067,000	$ 26,775,000
Unlimited general obligation bonds	4,475,000	4,965,000	-	-	4,475,000	4,965,000
State revolving fund	-	-	5,497,387	6,217,387	5,497,387	6,217,387
Contractual obligations	-	-	21,778,969	23,739,452	21,778,969	23,739,452
Compensated absences	3,391,349	3,527,272	250,033	277,756	3,641,382	3,805,028
General liability claims	666,930	551,270	-	-	666,930	551,270
Workers compensation claims	617,272	488,306	-	-	617,272	488,306
Less: unamortized discount and premium	120,563	140,478	(259,556)	(279,961)	(138,993)	(139,483)
Total	$ 18,978,114	$ 19,237,326	$ 43,626,833	$ 47,164,634	$ 62,604,947	$ 66,401,960

The City's total debt decreased by $3,797,013 (6 percent) during the current fiscal year, mostly due to reductions in principal of bonds, contractual obligations and general liability claims debt.

The City's bond ratings are as follows:

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation, however the city charter limits it to 5 percent. The current legal debt limitation for the city is $116,498,740 (5 percent of $2,329,974,800 assessed valuation). As of June 30, 2014, the City's general obligation debt amounts to 21.3 percent of the legal debt limit.

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

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, unassigned fund balance in the general fund significantly increased to $11,149,199 mostly due to the levy of the public safety millage again providing relief to the general fund. The City's original budget forecast demonstrates the continued decline of fund balance, however, with the recent contribution to fund balance, the general fund will be in its target range in fiscal years 2016 and 2017. Due to the passage of a 2.5 mills road millage on November 4, 2014, the City will levy and collect $5.3 million in fiscal year 2015.

For fiscal year 2014, the quarterly water and sewer rates are $98.76 per 1,000 cubic feet for the first 2,000 cubic feet and $113.25 for every 1,000 cubic feet thereafter. In addition, all customers pay a $10.75 flat fee per billing period. The water and sewer rates increased by 4 percent and 2.5 percent respectively, passing along Southeastern Oakland County Water Authority ("SOCWA") and Oakland County Water Resource Commission rate increases. The flat rate fee increased 4.8 percent to $10.75 to recoup the City's water billing costs.

Now that the public safety operations and funding concerns have been tentatively resolved, the city administration and legislative body are focused on resolution to the City's street reconstruction and legacy cost funding concerns. The City Commission placed a five year, 2.5 mills ballot proposal on the November 4, 2014 election, which passed. The millage will generate nearly $5.3 million in fiscal year 2015. This millage revenue, along with future Act 51 monies are anticipated to resolve the City's current road maintenance and repair funding shortfalls. The combined unfunded liability of the City's pension and retiree healthcare obligations amount to nearly $187,000,000 based on the latest actuarial valuations. The City has been working on making changes to reduce the cost of benefits and may discuss again in the future the potential to bond some of the unfunded liability.

Requests for Information

This financial report is designed to provide a general overview of the City of Royal Oak’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Royal Oak, 211 S. Williams Street, Royal Oak, MI 48067.

BASIC FINANCIAL STATEMENTS

Royal Oak
Life Now Playing

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Position
June 30, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments	$ 58,344,179	$ 15,710,305	$ 74,054,484	$ 1,173,128
Receivables, net of uncollectibles	7,399,206	10,148,465	17,547,671	25,902
Deposits and other assets	1,460,895	-	1,460,895	50,000
Internal balances	(2,209,905)	2,209,905	-	-
Inventories	393,488	204,001	597,489	-
Restricted assets, cash	1,000	-	1,000	-
Capital assets not being depreciated	71,133,401	14,694,660	85,828,061	2,895,755
Capital assets being depreciated, net	69,231,711	100,431,070	169,662,781	1,132,278
Total assets	205,753,975	143,398,406	349,152,381	5,277,063
Deferred outflows of resources				
Deferred charge on refunding	58,332	244,518	302,850	-
Liabilities				
Accounts payable	1,550,518	2,570,664	4,121,182	145,757
Accrued and other liabilities	1,903,134	417,007	2,320,141	2,308
Cash bonds and deposits	2,161,365	12,391	2,173,756	-
Unearned revenue	3,782,603	23,662	3,806,265	-
Long-term debt:				
Due within one year	4,084,101	3,765,922	7,850,023	7,000
Due in more than one year	14,894,013	39,860,911	54,754,924	6,392
Net other postemployment benefits obligation	28,455,374	2,315,462	30,770,836	131,047
Total liabilities	56,831,108	48,966,019	105,797,127	292,504
Net position				
Net investment in capital assets	126,120,881	74,792,125	200,913,006	4,028,033
Restricted for:				
Public, Educational, and Government Access ("PEG") fees	644,917	-	644,917	-
Highways and streets	3,806,677	-	3,806,677	-
Solid waste	6,604,783	-	6,604,783	-
Recreation and culture	2,123,262	-	2,123,262	-
Public safety	3,107,981	-	3,107,981	-
Grants	728,451	-	728,451	-
Debt service	108,875	-	108,875	-
Capital projects	606,395	-	606,395	-
Permanent fund:				
Spendable	10,362	-	10,362	-
Nonspendable	1,000	-	1,000	-
Unrestricted	5,117,615	19,884,780	25,002,395	956,526
Total net position	$ 148,981,199	$ 94,676,905	$ 243,658,104	$ 4,984,559

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, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 8,823,978	$ 5,723,862	$ 91,595	$ -	$ (3,008,521)
Public safety	29,807,897	4,151,795	862,981	33,703	(24,759,418)
Public works	11,870,834	942,340	422,021	266,274	(10,240,199)
Health and welfare	1,235,631	1,053,817	-	-	(181,814)
Community and economic development	1,381,937	516,728	3,047,396	-	2,182,187
Recreation and culture	3,612,171	2,001,488	428,247	-	(1,182,436)
Interest and paying agent fees	445,709	-	-	-	(445,709)
Total governmental activities	57,178,157	14,390,030	4,852,240	299,977	(37,635,910)
Business-type activities:					
Water and sewer	22,560,736	25,349,015	53,802	-	2,842,081
Parking	2,968,028	3,492,617	560,454	-	1,085,043
Recreation	2,195,258	2,189,652	11,649	-	6,043
Farmers market	426,141	477,974	8,142	-	59,975
Total business-type activities	28,150,163	31,509,258	634,047	-	3,993,142
Total primary government	$ 85,328,320	$ 45,899,288	$ 5,486,287	$ 299,977	$ (33,642,768)
Component units					
Tax Increment Financing Authority	$ 3,252,856	$ -	$ 131,082	$ -	$ (3,121,774)
Downtown Development Authority	42,470	-	-	-	(42,470)
Total component units	$ 3,295,326	$ -	$ 131,082	$ -	$ (3,164,244)

continued...

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

Statement of Activities
For the Year Ended June 30, 2014

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Changes in net position				
Net (expense) revenue	$ (37,635,910)	$ 3,993,142	$ (33,642,768)	$ (3,164,244)
General revenues:				
Property taxes	32,605,336	-	32,605,336	2,798,245
Unrestricted state shared revenues	9,043,725	-	9,043,725	-
Unrestricted investment earnings	184,685	-	184,685	2,137
Gain on sale of capital assets	14,246	26,077	40,323	-
Miscellaneous	663,855	-	663,855	4,245
Transfers	(360,071)	360,071	-	-
Total general revenues and transfers	42,151,776	386,148	42,537,924	2,804,627
Change in net position	4,515,866	4,379,290	8,895,156	(359,617)
Net position, beginning of year	144,465,333	90,297,615	234,762,948	5,344,176
Net position, end of year	$ 148,981,199	$ 94,676,905	$ 243,658,104	$ 4,984,559

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2014

	General	Public Safety	Solid Waste	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 16,387,910	$ 3,949,234	$ 6,974,425	$ -	$ 10,494,480	$ 37,806,049
Receivables, net of uncollectibles	96,210	159,224	27,196	3,740,929	1,630,235	5,653,794
Due from other governmental units	851,259	-	-	235,055	632,743	1,719,057
Due from other funds	137,505	-	-	-	-	137,505
Inventories	-	-	-	-	146,066	146,066
Restricted assets, cash	-	-	-	-	1,000	1,000
Total assets	$ 17,472,884	$ 4,108,458	$ 7,001,621	$ 3,975,984	$ 12,904,524	$ 45,463,471
Liabilities						
Accounts payable	$ 369,190	$ 69,558	$ 365,653	$ 90,065	$ 536,776	$ 1,431,242
Accrued and other liabilities	264,064	931,221	16,868	7,485	228,456	1,448,094
Due to other funds	-	-	-	137,505	-	137,505
Cash bonds and deposits	2,148,167	-	-	-	13,198	2,161,365
Unearned revenue	-	-	-	3,740,929	41,674	3,782,603
Total liabilities	2,781,421	1,000,779	382,521	3,975,984	820,104	8,960,809
Deferred inflows of resources						
Unavailable revenue - property taxes and special assessments	42,347	5,851	14,317	-	1,591,417	1,653,932
Fund balances						
Nonspendable:						
Inventories	-	-	-	-	146,066	146,066
Endowment	-	-	-	-	1,000	1,000
Restricted:						
PEG fees	644,917	-	-	-	-	644,917
Highways and streets	-	-	-	-	3,660,611	3,660,611
Solid waste	-	-	6,604,783	-	-	6,604,783
Recreation and culture	-	-	-	-	2,123,262	2,123,262
Public safety	-	-		-	3,107,981	3,107,981
Grants	-	-	-	-	728,451	728,451
Debt service	-	-	-	-	108,875	108,875
Capital projects	-	-	-	-	606,395	606,395
Permanent fund	-	-	-	-	10,362	10,362
Assigned:						
Eligible retiree bank payouts	225,000	-	-	-	-	225,000
OPEB contribution recovery	2,630,000	-	-	-	-	2,630,000
Public safety	-	3,101,828	-	-	-	3,101,828
Unassigned	11,149,199	-	-	-	-	11,149,199
Total fund balances	14,649,116	3,101,828	6,604,783	-	10,493,003	34,848,730
Total liabilities, deferred inflows of resources and fund balances	$ 17,472,884	$ 4,108,458	$ 7,001,621	$ 3,975,984	$ 12,904,524	$ 45,463,471

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

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2014

Fund balances for governmental funds	$ 34,848,730
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets, net of accumulated depreciation	134,895,654
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred outflows in the governmental funds, and thus are not included in fund balance.	
Deferred property taxes and special assessments receivable	1,653,932
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service funds	20,575,390
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	(88,529)
Bonds payable	(12,192,000)
Unamortized bond discounts	111,400
Unamortized bond premiums	(235,468)
Deferred loss on refunding	58,332
Other postemployment benefit obligation	(27,391,748)
Compensated absences	(3,254,494)
Net position of governmental activities	$ 148,981,199

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended June 30, 2014

	General	Public Safety	Solid Waste	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 16,748,690	$ 7,269,781	$ 6,327,643	$ -	$ 2,693,990	$ 33,040,104
Licenses and permits	2,032,275	4,797	-	-	2,801,182	4,838,254
Federal grants	-	-	-	1,900,140	316,460	2,216,600
State grants	5,054,142	-	-	-	4,438,711	9,492,853
Charges for services	2,428,619	1,333,782	2,074	516,728	692,341	4,973,544
Fines and forfeitures	4,353,113	-	-	-	72,845	4,425,958
Interest and rentals	439,685	6,900	29,268	-	82,039	557,892
Contributions and donations	-	375,000	-	-	1,702,707	2,077,707
Other revenue	663,855	37,974	44,606	14,974	123,058	884,467
Total revenues	31,720,379	9,028,234	6,403,591	2,431,842	12,923,333	62,507,379
Expenditures						
Current:						
General government	8,141,287	-	-	-	53,836	8,195,123
Public safety	493,225	24,566,707	-	-	1,643,562	26,703,494
Public works	1,104,852	-	6,225,732	-	6,719,414	14,049,998
Health and welfare	-	805,658	-	-	-	805,658
Community and economic development	241,503	-	-	1,172,396	-	1,413,899
Recreation and culture	883,743	-	-	-	2,719,116	3,602,859
Debt service:						
Principal payments	-	-	-	-	1,095,000	1,095,000
Interest and paying agent fees	-	-	-	-	437,427	437,427
Total expenditures	10,864,610	25,372,365	6,225,732	1,172,396	12,668,355	56,303,458
Revenues over (under) expenditures	20,855,769	(16,344,131)	177,859	1,259,446	254,978	6,203,921
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	1,127,000	1,127,000
Transfers in	1,034,490	17,419,300	-	-	3,109,970	21,563,760
Transfers out	(18,150,059)	(250,681)	(5,000)	(1,259,446)	(2,504,740)	(22,169,926)
Total other financing sources (uses)	(17,115,569)	17,168,619	(5,000)	(1,259,446)	1,732,230	520,834
Net change in fund balances	3,740,200	824,488	172,859	-	1,987,208	6,724,755
Fund balances, beginning of year	10,908,916	2,277,340	6,431,924	-	8,505,795	28,123,975
Fund balances, end of year	$ 14,649,116	$ 3,101,828	$ 6,604,783	$ -	$ 10,493,003	$ 34,848,730

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

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds	$ 6,724,755
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	3,468,342
Depreciation expense	(2,419,020)
Loss on disposal of capital assets	(1,487)
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	(434,768)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Issuance of long-term debt	(1,127,000)
Principal payments on long-term liabilities	1,095,000
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	3,640
Amortization of bond discount	(11,922)
Amortization of bond premium	32,856
Amortization of deferred loss on refunding	(5,932)
Change in other postemployment benefit obligation	(6,295,847)
Change in compensated absences	127,348
An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Operating income from governmental activities in internal service funds	3,194,081
Interest expense from governmental activities in internal service funds	(94,521)
Gain on sale of capital assets from governmental activities in internal service funds	14,246
Transfers in from governmental activities in internal service funds	246,095
Change in net position of governmental activities	$ 4,515,866

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 16,590,000	$ 16,590,000	$ 16,748,690	$ 158,690
Licenses and permits	1,519,000	1,814,000	2,032,275	218,275
State grants	4,890,540	5,070,540	5,054,142	(16,398)
Charges for services	2,409,870	2,409,870	2,428,619	18,749
Fines and forfeitures	3,736,000	4,011,000	4,353,113	342,113
Interest and rentals	416,730	291,730	439,685	147,955
Other revenue	270,500	316,500	663,855	347,355
Total revenues	29,832,640	30,503,640	31,720,379	1,216,739
Expenditures				
Current:				
General government	8,762,550	8,721,589	8,141,287	(580,302)
Public safety	575,320	575,320	493,225	(82,095)
Public works	1,097,030	1,139,080	1,104,852	(34,228)
Community and economic development	280,870	280,870	241,503	(39,367)
Recreation and culture	957,690	996,510	883,743	(112,767)
Total expenditures	11,673,460	11,713,369	10,864,610	(848,759)
Revenues over expenditures	18,159,180	18,790,271	20,855,769	2,065,498
Other financing sources (uses)				
Transfers in	913,600	1,013,600	1,034,490	20,890
Transfers out	(18,931,380)	(18,317,300)	(18,150,059)	(167,241)
Total other financing sources (uses)	(18,017,780)	(17,303,700)	(17,115,569)	188,131
Net change in fund balance	141,400	1,486,571	3,740,200	2,253,629
Fund balance, beginning of year	10,908,916	10,908,916	10,908,916	-
Fund balance, end of year	$ 11,050,316	$ 12,395,487	$ 14,649,116	$ 2,253,629

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 7,210,000	$ 7,210,000	$ 7,269,781	$ 59,781
Licenses and permits	4,000	4,000	4,797	797
Charges for services	1,137,720	1,259,720	1,333,782	74,062
Interest and rentals	2,000	2,000	6,900	4,900
Contributions and donations	375,000	375,000	375,000	-
Other revenue	10,000	30,000	37,974	7,974
Total revenues	8,738,720	8,880,720	9,028,234	147,514
Expenditures				
Current:				
Public safety	26,349,114	25,201,244	24,566,707	(634,537)
Health and welfare	849,006	848,086	805,658	(42,428)
Total expenditures	27,198,120	26,049,330	25,372,365	(676,965)
Revenues over (under) expenditures	(18,459,400)	(17,168,610)	(16,344,131)	824,479
Other financing sources (uses)				
Transfers in	18,673,380	17,419,300	17,419,300	-
Transfers out	(214,000)	(250,690)	(250,681)	(9)
Total other financing sources (uses)	18,459,380	17,168,610	17,168,619	(9)
Net change in fund balance	(20)	-	824,488	824,488
Fund balance, beginning of year	2,277,340	2,277,340	2,277,340	-
Fund balance, end of year	$ 2,277,320	$ 2,277,340	$ 3,101,828	$ 824,488

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Solid Waste Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 6,250,000	$ 6,250,000	$ 6,327,643	$ 77,643
Charges for services	1,500	1,500	2,074	574
Interest	15,000	15,000	29,268	14,268
Other revenue	30,000	30,000	44,606	14,606
Total revenues	6,296,500	6,296,500	6,403,591	107,091
Expenditures				
Current -				
Public works	6,881,410	6,651,400	6,225,732	(425,668)
Revenues over (under) expenditures	(584,910)	(354,900)	177,859	532,759
Other financing uses				
Transfers out	(5,000)	(5,000)	(5,000)	-
Net change in fund balance	(589,910)	(359,900)	172,859	532,759
Fund balance, beginning of year	6,431,924	6,431,924	6,431,924	-
Fund balance, end of year	$ 5,842,014	$ 6,072,024	$ 6,604,783	$ 532,759

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Community Development Block Grant Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	$ 929,080	$ 1,126,830	$ 1,900,140	$ 773,310
Charges for services	225,000	375,000	516,728	141,728
Other revenue	1,627,510	1,466,800	14,974	(1,451,826)
Total revenues	2,781,590	2,968,630	2,431,842	(536,788)
Expenditures				
Current -				
Community and economic development	945,190	1,268,580	1,172,396	(96,184)
Revenues over (under) expenditures	1,836,400	1,700,050	1,259,446	(440,604)
Other financing uses				
Transfers out	(1,836,390)	(1,260,260)	(1,259,446)	(814)
Net change in fund balance	10	439,790	-	(439,790)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 10	$ 439,790	$ -	$ (439,790)

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 8,390,177	$ 6,240,925	$ 1,079,203	$ 15,710,305	$ 20,538,130
Receivables, net of uncollectibles	6,740,632	13,900	126,507	6,881,039	26,355
Prepaid items	-	-	-	-	1,460,895
Inventories	156,392	47,609	-	204,001	247,422
Total current assets	15,287,201	6,302,434	1,205,710	22,795,345	22,272,802
Noncurrent assets:					
Receivables, net of uncollectibles	2,798,677	-	-	2,798,677	-
Due from other governmental units	468,749	-	-	468,749	-
Capital assets	124,466,990	31,271,680	12,220,915	167,959,585	18,897,226
Accumulated depreciation	(37,239,964)	(10,584,078)	(5,009,813)	(52,833,855)	(13,427,768)
Total noncurrent assets	90,494,452	20,687,602	7,211,102	118,393,156	5,469,458
Total assets	105,781,653	26,990,036	8,416,812	141,188,501	27,742,260
Deferred outflows of resources					
Deferred charge on refunding	-	244,518	-	244,518	-
Liabilities					
Current liabilities:					
Accounts payable	2,336,262	133,381	101,021	2,570,664	119,276
Accrued and other liabilities	272,319	135,755	8,933	417,007	366,511
Cash bonds and deposits	450	11,941	-	12,391	-
Unearned revenue	-	-	23,662	23,662	-
Bonds payable, due within one year	3,075,922	565,000	-	3,640,922	390,000
Other long-term liabilities, current	-	-	-	-	642,101
Compensated absences, current	90,405	23,369	11,226	125,000	67,840
Total current liabilities	5,775,358	869,446	144,842	6,789,646	1,585,728
Noncurrent liabilities:					
Bonds payable	29,841,123	9,894,755	-	39,735,878	1,596,495
Other long-term liabilities	-	-	-	-	642,101
Accrued compensated absences	90,430	23,375	11,228	125,033	69,015
Other postemployment benefit obligation	1,677,451	445,210	192,801	2,315,462	1,063,626
Total noncurrent liabilities	31,609,004	10,363,340	204,029	42,176,373	3,371,237
Total liabilities	37,384,362	11,232,786	348,871	48,966,019	4,956,965
Net position					
Net investment in capital assets	57,108,658	10,472,365	7,211,102	74,792,125	3,482,963
Unrestricted	11,288,633	5,529,403	856,839	17,674,875	19,302,332
Total net position	$ 68,397,291	$ 16,001,768	$ 8,067,941	$ 92,467,000	$ 22,785,295

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

Reconciliation
Net Position of Enterprise Funds
to Net Position of Business-Type Activities
June 30, 2014

Net position - total enterprise funds	$ 92,467,000
Amounts reported for *business-type activities* in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.	
Net position of business-type activities accounted for in governmental-type internal service funds	2,209,905
Net position of business-type activities	$ 94,676,905

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	$ 25,349,015	$ 3,492,617	$ 2,667,626	$ 31,509,258	$ 18,155,580
Other	23,608	9,934	13,810	47,352	38,361
Total operating revenues	25,372,623	3,502,551	2,681,436	31,556,610	18,193,941
Operating expenses					
Salaries and benefits	2,579,922	842,804	406,757	3,829,483	10,392,229
Supplies	298,516	79,331	119,283	497,130	1,056,601
Water purchases	3,482,261	-	-	3,482,261	-
Sewage disposal services	11,181,742	-	-	11,181,742	-
Other services and charges	1,822,687	983,546	1,839,179	4,645,412	2,103,729
Depreciation	2,696,455	551,267	287,742	3,535,464	845,252
Total operating expenses	22,061,583	2,456,948	2,652,961	27,171,492	14,397,811
Operating income	3,311,040	1,045,603	28,475	4,385,118	3,796,130
Nonoperating revenues (expenses)					
Federal grants	-	-	4,515	4,515	-
Interest income	30,194	56,182	1,466	87,842	-
Contributions and donations	-	494,338	-	494,338	-
Interest expense	(994,958)	(585,762)	-	(1,580,720)	(94,521)
Gain on sale of capital assets	-	26,077	-	26,077	14,246
Total nonoperating revenues (expenses)	(964,764)	(9,165)	5,981	(967,948)	(80,275)
Income before transfers	2,346,276	1,036,438	34,456	3,417,170	3,715,855
Transfers					
Transfers in	1,455,157	109,917	-	1,565,074	272,400
Transfers out	(5,000)	(1,111,145)	(88,858)	(1,205,003)	(26,305)
Net transfers	1,450,157	(1,001,228)	(88,858)	360,071	246,095
Change in net position	3,796,433	35,210	(54,402)	3,777,241	3,961,950
Net position, beginning of year	64,600,858	15,966,558	8,122,343	88,689,759	18,823,345
Net position, end of year	$ 68,397,291	$ 16,001,768	$ 8,067,941	$ 92,467,000	$ 22,785,295

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

Reconciliation

Changes in Net Position of Enterprise Funds
to Changes in Net Position of Business-Type Activities
For the Year Ended June 30, 2014

Change in net position - total enterprise funds	$ 3,777,241
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 from business-type activities accounted for in governmental-type internal service funds	602,049
Change in net position of business-type activities	$ 4,379,290

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, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	$ 26,131,919	$ 3,489,260	$ 2,644,232	$ 32,265,411	$ -
Internal activity - receipts from other funds	-	-	-	-	18,155,580
Other operating receipts	23,608	9,934	13,810	47,352	38,361
Payments to vendors	(15,809,236)	(1,042,957)	(1,930,965)	(18,783,158)	(3,585,167)
Payments to employees	(2,362,650)	(759,229)	(414,083)	(3,535,962)	(10,311,126)
Net cash provided by operating activities	7,983,641	1,697,008	312,994	9,993,643	4,297,648
Cash flows from noncapital financing activities					
Federal operating grants	-	-	4,515	4,515	-
Contributions and donations	-	494,338	-	494,338	-
Transfers from other funds	1,455,157	109,917	-	1,565,074	272,400
Transfers to other funds	(5,000)	(1,111,145)	(88,858)	(1,205,003)	(26,305)
Net cash provided by (used in) noncapital financing activities	1,450,157	(506,890)	(84,343)	858,924	246,095
Cash flows from capital and related financing activities					
Purchase of capital assets	(3,712,215)	(320,515)	(32,600)	(4,065,330)	(1,207,662)
Principal paid on capital debt	(2,985,482)	(545,000)	-	(3,530,482)	(380,000)
Interest paid on capital debt	(988,274)	(551,380)	-	(1,539,654)	(93,501)
Proceeds from sale of capital assets	-	197,727	-	197,727	14,246
Net cash used in capital and related financing activities	(7,685,971)	(1,219,168)	(32,600)	(8,937,739)	(1,666,917)
Cash flows from investing activities					
Interest received on investments	30,194	56,182	1,466	87,842	-
Net change in cash and investments	1,778,021	27,132	197,517	2,002,670	2,876,826
Cash and investments balances, beginning of year	6,612,156	6,213,793	881,686	13,707,635	17,661,304
Cash and investments balances, end of year	$ 8,390,177	$ 6,240,925	$ 1,079,203	$ 15,710,305	$ 20,538,130

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities					
Operating income	$ 3,311,040	$ 1,045,603	$ 28,475	$ 4,385,118	$ 3,796,130
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,696,455	551,267	287,742	3,535,464	845,252
Changes in assets and liabilities:					
Receivables, net	421,682	(3,357)	(17,815)	400,510	(26,275)
Prepaid items	-	-	-	-	(543,049)
Inventories	5,216	(1,985)	-	3,231	(10,666)
Long-term receivables	366,483	-	-	366,483	-
Due from other governmental units	(5,261)	-	-	(5,261)	-
Accounts payable	970,754	21,905	(8,062)	984,597	39,493
Accrued and other liabilities	(79,561)	(10,026)	(2,192)	(91,779)	(245,525)
Other long-term liabilities	-	-	-	-	244,626
Unearned revenue	-	-	(5,579)	(5,579)	-
Accrued compensated absences	(25,232)	2,643	(5,134)	(27,723)	(8,575)
Other postemployment benefits obligation	322,065	90,958	35,559	448,582	206,237
Net cash provided by operating activities	$ 7,983,641	$ 1,697,008	$ 312,994	$ 9,993,643	$ 4,297,648

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Retirement investments, at fair value		
U.S. government obligations	$ 17,135,478	$ -
Municipal bonds	15,776,477	-
Corporate bonds	6,184,653	-
Equities	93,371,472	-
Mutual funds	12,261,111	-
Other investments	3,071,225	-
Total investments	147,800,416	-
Cash and investments	778,638	310,109
Receivables, net of uncollectibles	306,250	-
Total assets	148,885,304	$ 310,109
Liabilities		
Undistributed receipts	903,672	$ 130,463
Accrued and other liabilities	691	-
Due to other governmental units	-	1,340
Bonds and deposits	-	178,306
Total liabilities	904,363	$ 310,109
Net position		
Restricted for pension and other employee benefits	$ 147,980,941	

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2014

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employer	$ 13,938,426
Plan members	904,706
Plan members' buybacks	699,141
Total contributions	15,542,273
Investment earnings:	
Net change in fair value of investments	20,513,585
Interest	1,354,549
Dividends	2,033,890
Other investment revenues	21,098
Total investment gain	23,923,122
Less investment expenses	880,409
Net investment gain	23,042,713
Total additions	38,584,986
Deductions	
Benefits	21,773,632
Refund of contributions	494,978
Administrative expenses	49,691
Total deductions	22,318,301
Change in net position	16,266,685
Net position, beginning of year	131,714,256
Net position, end of year	$ 147,980,941

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

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units
June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	$ 962,723	$ 96,949	$ 113,456	$ 1,173,128
Receivables, net of uncollectibles	25,320	582	-	25,902
Prepaid expenses	50,000	-	-	50,000
Capital assets not being depreciated	2,895,755	-	-	2,895,755
Capital assets being depreciated, net	1,132,278	-	-	1,132,278
Total assets	5,066,076	97,531	113,456	5,277,063
Liabilities				
Accounts payable	145,574	183	-	145,757
Accrued and other liabilities	1,767	541	-	2,308
Long-term debt:				
Due within one year	1,645	5,355	-	7,000
Due in more than one year	4,885	1,507	-	6,392
Other postemployment benefit obligation	110,572	20,475	-	131,047
Total liabilities	264,443	28,061	-	292,504
Net position				
Net investment in capital assets	4,028,033	-	-	4,028,033
Unrestricted	773,600	69,470	113,456	956,526
Total net position	$ 4,801,633	$ 69,470	$ 113,456	$ 4,984,559

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

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Expenses				
Tax Increment Financing Authority	$ 3,252,856	$ -	$ -	$ 3,252,856
Downtown Development Authority	-	42,470	-	42,470
Total expenses	3,252,856	42,470	-	3,295,326
Program revenues				
Operating grants and contributions	131,082	-	-	131,082
Net expense	(3,121,774)	(42,470)	-	(3,164,244)
General revenues				
Property taxes	2,738,482	48,611	11,152	2,798,245
Unrestricted investment earnings	1,884	124	129	2,137
Other revenue	4,245	-	-	4,245
Total general revenues	2,744,611	48,735	11,281	2,804,627
Change in net position	(377,163)	6,265	11,281	(359,617)
Net position, beginning of year	5,178,796	63,205	102,175	5,344,176
Net position, end of year	$ 4,801,633	$ 69,470	$ 113,456	$ 4,984,559

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

Royal Oak
Life Now Playing

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.

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

Joint Ventures

The City is a member of the Southeastern Oakland County Resource Recovery Authority, which consists of 14 municipalities in Oakland County and provides refuse collection and disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2014, the City expensed approximately $4,190,000 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, 2014, the City expensed approximately $3,482,000 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

Government-wide and Fund Financial Statements

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

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

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

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

The 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 and 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.

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

Internal service funds are used to account for information systems services, fleet management services, workers' compensation insurance coverage, medical self-insurance, and general liability provided to other departments on a cost-reimbursement basis.

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

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

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

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

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

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

Deposits and Investments

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

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

Receivables and Payables

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

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

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized as part of the cost of assets under construction.

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

	Years
Buildings and renovations	25-45
Improvements	10-20
Infrastructure	40-50
Vehicles	3-10
Equipment	5-15
Intangibles	3-10

Deferred Outflows of Resources

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

Compensated Absences

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

Fund Balances

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

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

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

2. BUDGETARY INFORMATION

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

Department heads submit requests for appropriations to the City Manager so that a budget may be prepared. The proposed budget is presented to the City Commission for review. The Commission holds public hearings, and a final budget must be prepared and adopted no later than June 30th. The appropriated budget is prepared by fund, function, and department. Budget amendments are submitted for Commission approval on a quarterly basis. The Commission made several supplemental budgetary appropriations throughout the year mostly a result of the mid-year review. The supplementary budgetary appropriations made in the general fund material changes in appropriation categories, from expenditures to transfers.

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2014, the City incurred expenditures in certain budgeted funds which were in excess of the amount appropriated, as follows:

	Budget Appropriation	Actual Expenditure	Variance
Library Millage Fund			
Debt service - Interest and paying agents fees	$ 96,390	$ 97,193	$ 803
ROOTS Fund			
Recreation and culture	39,480	40,074	594
Downtown Development Authority			
Community and economic development	33,580	35,481	1,901

4. DEPOSITS AND INVESTMENTS

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

The City's investment policy allows for all of these types of investments. Investments of the City of Royal Oak Retirement System are subject to a number of restrictions as to type, quality and concentration of investments. Retirement System investments are held in a trust fund invested by Merrill Lynch.

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	$ 74,054,484	$ 1,173,128	$ 75,227,612
Restricted assets (endowments cash)	1,000	-	1,000
	74,055,484	1,173,128	75,228,612
Statement of Fiduciary Net Position			
Pension and OPEB trust funds:			
Cash and investments	778,638	-	778,638
Retirement investments	147,800,416	-	147,800,416
Agency funds			
Cash and investments	310,109	-	310,109
	148,889,163	-	148,889,163
Total	$ 222,944,647	$ 1,173,128	$ 224,117,775

Deposits and investments	
Bank deposits (checking and savings accounts, certificates of deposit)	$ 75,640,687
Investments:	
Debt securities	39,096,608
Equity securities	93,767,882
Mutual funds	12,261,111
Money market & other	3,346,736
Cash on hand	4,751
Total	$ 224,117,775

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, 2014:

		Investment Maturities			
Investment	Total Fair Value	Due in < 1 Year	Due in 1 - 5 Years	Due in 6 - 10 Years	Due in > 10 Years
U.S. agencies	$ 17,135,478	$ 1,200,192	$ 7,588,934	$ 3,713,323	$ 4,633,029
Municipal bonds	6,184,653	366,886	1,768,146	1,222,093	2,827,528
Corporate bonds	15,776,477	322,668	5,337,806	4,824,599	5,291,404
	$ 39,096,608	$ 1,889,746	$ 14,694,886	$ 9,760,015	$ 12,751,961

S&P Rating	U.S. Agencies	Municipal Bonds	Corporate Bonds	Total
AAA	$ -	$ 2,131,249	$ 2,075,109	$ 4,206,358
AA+	5,808,720	1,963,379	900,391	8,672,490
AA	-	1,035,342	1,262,598	2,297,940
AA-	-	254,160	743,303	997,463
A+	-	120,488	629,802	750,290
A	-	365,746	1,865,436	2,231,182
A-	-	24,563	1,950,137	1,974,700
BBB	-	-	1,195,155	1,195,155
BBB+	-	40,381	1,068,632	1,109,013
BBB-	-	-	1,625,038	1,625,038
BB+	-	-	178,393	178,393
*	11,326,758	-	-	11,326,758
N/R	-	249,345	2,282,483	2,531,828
	$ 17,135,478	$ 6,184,653	$ 15,776,477	$ 39,096,608

*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, 2014, $68,060,467 of the City's bank balance of $72,833,114 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above investments, the City has a custodial credit risk exposure of $15,776,477 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, 2014, there were no individual investments with a fair value that represent 5% or more of the City's investments; and other than U.S. agencies, the City did not have 5% or more invested with any one issuer.

5. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units	Not Expected to be Collected Within One Year
Accounts	$ 371,108	$ 9,764,407	$ -	$ 2,798,677
Loans	3,740,929	-	-	3,740,929
Taxes (current)	27,577	-	16,814	-
Taxes (delinquent)	108,310	-	40,569	-
Special assessments	1,585,280	-	-	1,281,057
Intergovernmental	1,719,057	468,749	-	468,749
Interest and other	42,376	19,117	-	-
Less: allowance for uncollectibles	(195,431)	(103,808)	(31,481)	-
	$ 7,399,206	$ 10,148,465	$ 25,902	$ 8,289,412

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014, was as follows:

	Due from Other Funds	Due to Other Funds
General	$ 137,505	$ -
Community development block grant	-	137,505
	$ 137,505	$ 137,505

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of $2,209,905. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. All interfund balances are expected to be collected within one year.

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

Transfers Out	Transfers In: General	Transfers In: Public Safety	Transfers In: Nonmajor Governmental Funds	Transfers In: Water and Sewer Fund
General fund	$ -	$ 17,419,300	$ 722,759	$ -
Public safety fund	-	-	36,681	-
Solid waste fund	-	-	5,000	-
Community development block grant fund	-	-	1,259,446	-
Nonmajor governmental funds	34,490	-	854,776	1,455,157
Water and sewer fund	-	-	5,000	-
Automobile parking system fund	1,000,000	-	111,145	-
Nonmajor enterprise funds	-	-	88,858	-
Internal service funds	-	-	26,305	-
	$ 1,034,490	$ 17,419,300	$ 3,109,970	$ 1,455,157

Transfers Out	Transfers In: Automobile Parking System	Transfers In: Internal Service Funds	Total
General fund	$ -	$ 8,000	$ 18,150,059
Public safety fund	-	214,000	250,681
Solid waste fund	-	-	5,000
Community development block grant fund	-	-	1,259,446
Nonmajor governmental funds	109,917	50,400	2,504,740
Water and sewer fund	-	-	5,000
Automobile parking system fund	-	-	1,111,145
Nonmajor enterprise funds	-	-	88,858
Internal service funds	-	-	26,305
	$ 109,917	$ 272,400	$ 23,401,234

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

7. CAPITAL ASSETS

Primary Government

Capital asset activity for the current year was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets,					
not being depreciated:					
Land	$ 66,774,752	$ -	$ -	$ -	$ 66,774,752
Construction in progress	3,783,158	3,679,032	-	(3,103,541)	4,358,649
	70,557,910	3,679,032	-	(3,103,541)	71,133,401
Capital assets, being depreciated:					
Buildings	30,702,517	58,964	-	-	30,761,481
Improvements other than buildings	4,328,286	-	-	-	4,328,286
Machinery and equipment	20,306,638	865,578	(62,948)	111,654	21,220,922
Infrastructure	105,455,296	72,428	-	2,991,887	108,519,611
Intangibles	354,608	-	-	-	354,608
	161,147,345	996,970	(62,948)	3,103,541	165,184,908
Less accumulated depreciation for:					
Buildings	(13,252,819)	(609,609)	-	-	(13,862,428)
Improvements other than buildings	(3,474,094)	(91,789)	-	-	(3,565,883)
Machinery and equipment	(10,638,890)	(720,382)	48,778	-	(11,310,494)
Infrastructure	(65,032,402)	(1,840,065)	12,683	-	(66,859,784)
Intangibles	(352,181)	(2,427)	-	-	(354,608)
	(92,750,386)	(3,264,272)	61,461	-	(95,953,197)
Total capital assets being depreciated, net	68,396,959	(2,267,302)	(1,487)	3,103,541	69,231,711
Governmental activities capital assets, net	$ 138,954,869	$ 1,411,730	$ (1,487)	$ -	$ 140,365,112

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets,					
not being depreciated:					
Land	$ 9,992,579	$ -	$ (33,923)	$ -	$ 9,958,656
Construction in progress	3,555,184	4,032,730	-	(2,851,910)	4,736,004
	13,547,763	4,032,730	(33,923)	(2,851,910)	14,694,660
Capital assets, being depreciated:					
Buildings	30,657,515	32,600	(261,750)	-	30,428,365
Improvements other than buildings	302,575	-	-	-	302,575
Machinery and equipment	1,388,309	-	-	-	1,388,309
Infrastructure	118,315,464	-	(21,698)	2,851,910	121,145,676
	150,663,863	32,600	(283,448)	2,851,910	153,264,925
Less accumulated depreciation for:					
Buildings	(12,762,325)	(718,086)	124,023	-	(13,356,388)
Improvements other than buildings	(229,719)	(6,310)	-	-	(236,029)
Machinery and equipment	(1,241,688)	(37,255)	-	-	(1,278,943)
Infrastructure	(35,210,380)	(2,773,813)	21,698	-	(37,962,495)
	(49,444,112)	(3,535,464)	145,721	-	(52,833,855)
Total capital assets being depreciated, net	101,219,751	(3,502,864)	(137,727)	2,851,910	100,431,070
Business-type activities capital assets, net	$ 114,767,514	$ 529,866	$ (171,650)	$ -	$ 115,125,730

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

Depreciation of governmental activities by function	
General government	$ 415,148
Public safety	244,167
Public works	1,468,541
Health and welfare	8,341
Recreation and culture	282,823
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	845,252
Total depreciation expense - governmental activities	$ 3,264,272

Depreciation of business-type activities by function	
Water and sewer	$ 2,696,455
Parking	551,267
Ice arena	130,169
Recreation	87,765
Farmers market	69,808
Total depreciation expense - business-type activities	$ 3,535,464

Construction Commitments

The City has active construction projects as of June 30, 2014. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sidewalks	$ 3,209,278	$ 1,190,629
Street projects	3,074,309	1,012,191
Water projects	3,890,144	401,573
Sewer projects	338,599	106,661
Buildings	87,121	8,829
Total	$ 10,599,451	$ 2,719,883

Oakland County has a major contract on the George W. Kuhn project. Of the amount spent to date, approximately $38,601,000 is attributable to the City.

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - TIFA				
Capital assets, not being depreciated -				
Land	$ 2,895,755	$ -	$ -	$ 2,895,755
Capital assets, being depreciated:				
Improvements other 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	(533,463)	(89,512)	-	(622,975)
Infrastructure	(272,040)	(22,113)	-	(294,153)
	(805,503)	(111,625)	-	(917,128)
Total capital assets being depreciated, net	1,243,903	(111,625)	-	1,132,278
Component unit - TIFA capital assets, net	$ 4,139,658	$ (111,625)	$ -	$ 4,028,033

8. LONG-TERM DEBT

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable	$ 14,530,000	$ 1,127,000	$ (1,475,000)	$ 14,182,000	$ 1,746,000
Unamortized discount	(136,367)	-	14,823	(121,544)	-
Unamortized premium	276,845	-	(34,738)	242,107	-
Compensated absences	3,527,272	2,174,995	(2,310,918)	3,391,349	1,696,000
General liability claims	551,270	369,000	(253,340)	666,930	333,465
Workers compensation	488,306	211,000	(82,034)	617,272	308,636
Total governmental activities	$ 19,237,326	$ 3,881,995	$ (4,141,207)	$ 18,978,114	$ 4,084,101
Business-type Activities					
Bonds payable	$ 47,166,839	$ -	$ (3,530,483)	$ 43,636,356	$ 3,640,922
Unamortized discount	(279,961)	-	20,405	(259,556)	-
Compensated absences	277,756	163,243	(190,966)	250,033	125,000
Total business-type activities	$ 47,164,634	$ 163,243	$ (3,701,044)	$ 43,626,833	$ 3,765,922
Component Units					
Compensated absences	$ 13,034	$ 7,801	$ (7,443)	$ 13,392	$ 7,000

Governmental activities - bonds payable

2005 Library Limited Tax General Obligation Bonds; $3,700,000 at issuance; payable in annual installments of $135,000 to $290,000; interest payable semi-annually at 3.00% to 4.25% through June 2023	$ 2,185,000
2006 Court Building Authority Refunding Bonds; $6,590,000 at issuance; payable in annual installments of $215,000 to $500,000; interest payable semi-annually at 4.00% to 4.75% through May 2024	4,120,000
2007 Capital Improvement Bonds; $825,000 at issuance; payable in annual installments of $65,000 to $100,000; interest payable semi-annually at 4.00% through February 2017	285,000
2007 Capital Improvements Bonds; $2,645,000 at issuance; payable in annual installments of $185,000 to $260,000; interest payable semi-annually at 4.00% through October 2019	1,245,000

Governmental activities - bonds payable (concluded)		
2008 Capital Improvement Bonds; $11,825,000 at issuance; payable in annual installments of $430,000 to $900,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	$	745,000
2012 Building Authority Refunding Bonds; $4,965,000 at issuance; payable in annual installments of $490,000 to $620,000; interest payable semi-annually at 2.00% to 3.00% through September 2021		4,475,000
2013 Capital Improvement Bonds; $1,127,000 at issuance; payable in annual installments of $225,000 to $226,000; interest payable semi-annually at 1.38% through October 2018		1,127,000
Total governmental activities bonds payable	$	14,182,000
Business-type activities - bonds payable		
1997 Garfield Drain Refunding Bonds; $1,710,691 at issuance; payable in annual installments of $40,623 to $135,411; interest payable semi-annually at 5.00% to 5.125% through October 2017	$	505,534
1998 North Arm Relief Drain Revenue Bonds; $13,877,387 at issuance; payable in annual installments of $575,000 to $822,387; interest payable semi-annually at 2.25% through October 2020		5,497,387
2000 George W. Kuhn Drainage District, Series A; $5,176,386 at issuance; payable in annual installments of $202,655 to $324,248; interest payable semi-annually at 2.50% through April 2022		2,381,195
2000 George W. Kuhn Drainage District, Series C; $23,797,479 at issuance; payable in annual installments of $932,213 to $1,489,514; interest payable semi-annually at 2.50% through April 2024		13,360,750
2000 George W. Kuhn Drainage District, Series D; $659,403 at issuance; payable in annual installments of $27,503 to $40,531; interest payable semi-annually at 2.50% through April 2024		353,973
2000 George W. Kuhn Drainage District, Series F; $446,776 at issuance; payable in annual installments of $20,265 to $26,860; interest payable semi-annually at 1.63% through April 2026		282,725
2006 Parking Building Authority Refunding Bonds; $7,405,000 at issuance; payable in annual installments of $265,000 to $500,000; interest payable semi-annually at 4.00% to 4.375% through April 2026		4,590,000
2006 Capital Improvement Bonds; $4,325,000 at issuance; payable in annual installments of $130,000 to $310,000; interest payable semi-annually at 3.50% to $4.30% through May 2016		2,995,000
2007 Drain Refunding Bonds; $3,607,258 at issuance; payable in annual installments of $18,818 to $328,590; interest payable semi-annually at 4.25% to 4.38% through April 2024		2,718,472

Business-type activities - bonds payable (concluded)

2007 George W. Kuhn Drainage District, Series G; $519,081 at issuance; payable in annual installments of $22,057 to $29,410; interest payable semi-annually at 1.63% through April 2028	$ 380,856
2008 Capital Improvement Bonds; $7,250,000 at issuance; payable in annual installments of $225,000 to $585,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	6,045,000
2008 Capital Improvement Bonds; $3,270,000 at issuance; payable in annual installments of $100,000 to $265,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	2,730,000
2008 George W. Kuhn Drainage District, Series H; $2,260,136 at issuance; payable in annual installments of $88,229 to $141,167; interest payable semi-annually at 2.50% through April 2029	1,795,464
Total business-type activities bonds payable	$ 43,636,356

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, $136,855 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

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
2015	$ 1,746,000	$ 496,196	$ 3,640,922	$ 1,520,564
2016	1,721,000	440,545	3,755,488	1,408,367
2017	1,670,000	383,578	3,873,120	1,290,600
2018	1,620,000	326,869	3,993,321	1,167,389
2019	1,650,000	272,049	3,972,195	1,042,382
2020-2024	5,545,000	607,161	18,163,329	3,318,852
2025-2029	230,000	37,000	6,237,981	773,762
	$ 14,182,000	$ 2,563,398	$ 43,636,356	$ 10,521,916

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

Obligations for George W. Kuhn Project. The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through the sale of drain bonds, draw downs from the State of Michigan revolving fund, federal and state grants, and contributions from Oakland County. The City along with 13 other local communities are obligated for the payment of principal and interest of the outstanding debt. It is currently anticipated that the City's obligation at the end of construction will be approximately $38,601,000 with an interest rate of 1.63-4.38%. As of June 30, 2014, the City's obligation is $21,273,435 in principal.

9. RISK MANAGEMENT

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

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

The City has a $250,000 per occurrence self-insured retention for liability claims and $15,000,000 per occurrence of excess liability insurance coverage. Coverage limits, retentions and deductibles for other types of coverage vary. All coverage is on an occurrence basis except for a stop loss policy which is on a claims paid basis. The stop loss policy limits the maximum total self-insured retention payments in any one fiscal year to $885,000. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the reported liability for the fiscal years 2013 and 2014 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2013	$ 1,205,000	$ 207,900	$ (861,630)	$ 551,270
2014	551,270	369,000	(253,340)	666,930

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 2013 and 2014 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2013	$ 400,628	$ 412,791	$ (325,113)	$ 488,306
2014	488,306	211,000	(82,034)	617,272

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

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 2013 and 2014 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2013	$ 450,000	$ 7,246,107	$ (7,157,036)	$ 539,071
2014	539,071	8,095,000	(8,322,071)	312,000

Notes to Financial Statements

10. CONTINGENT LIABILITIES

Litigation. Various lawsuits are pending against the City, some of which are for substantial amounts. On the basis of opinions and information furnished by the City Attorney and Risk Manager, it is the judgment of City management that the ultimate liabilities, if any, resulting from such lawsuits have been adequately accrued as a part of general liability claims (see Note 9).

Grants. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the City expects such amounts to be immaterial.

11. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan administration. The City contributes to the City of Royal Oak Retirement System, which is the administrator of a single-employer defined benefit pension plan that covers all full-time employees of the City. The System provides retirement, disability and death benefits to plan members and their beneficiaries; it does not provide for cost of living benefit adjustments. The City's payroll for employees covered for the year ended June 30, 2014 was approximately $15,650,000.

Management of the System is vested in the Retirement Board of the City of Royal Oak, which consists of five members: two members of the City Commission that are appointed by and serve at the pleasure of the City Commission, the City Manager of the City, one general member of the System that is elected by the general members and one fire or police member of the System that is elected by the fire and police members.

The System is included in the City's financial statements as a pension trust fund. A stand-alone financial report has not been issued. The assets of the pension trust fund include no securities of or loans to the City or any other related party. At June 30, 2014, there were no investments in any one organization (other than the U.S. government and U.S. government-guaranteed obligations) in excess of five percent of net position available for benefits.

The financial statements of the System are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

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

Membership. At June 30, 2013 (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	560
Current full-time employees	244
Total members	804

Benefits. 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.

Contributions. The obligation to contribute to the System for these employees was established by City ordinance and through negotiations with the police, fire and general employees' competitive bargaining units. Employees are required to contribute 1.5 to 4.0 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates.

Employer Disclosures under GASB Statement 27

For the year ended June 30, 2014, the City's annual pension cost of $6,539,504 was equal to the City's required and actual contributions. The City was required to contribute 9.65% of annual covered payroll and an additional $2,002,375 for general employees and 41.57% 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
2012	$ 5,268,941	100%	$ -
2013	6,208,560	100%	-
2014	6,539,504	100%	-

As of June 30, 2013, the most recent actuarial valuation date, the Plan was 62.9 percent funded. The actuarial accrued liability for benefits was $199,908,548, and the actuarial value of assets was $125,708,944, resulting in an unfunded actuarial accrued liability (UAAL) of $74,199,604. The covered payroll (annual payroll of active employees covered by the Plan) was $15,296,167, and the ratio of the UAAL to the covered payroll was 485.1 percent.

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.

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. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For purposes of the schedule of funding progress, the actuarial accrued liability value is determined using the entry age actuarial cost method.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the System by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Pension Plan Disclosures under GASB Statement 67

The financial statements of the Employees' Retirement System (the "System") are prepared on the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The City's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Net pension liability of the City. The components of the net pension liability of the City at June 30, 2014, are as follows:

Total pension liability	$ 202,772,124
Plan fiduciary net position	(139,312,849)
City's net pension liability	$ 63,459,275
Plan fiduciary net position as a percentage of the total pension liability	68.70%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013 (and rollforward to June 30, 2014), using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Investment allocation policy. The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent portfolio diversification. The adopted asset allocation policy as of June 30, 2014, is presented in the table below.

Asset Class	Target Allocation
Domestic equity	45% - 55%
International equity	10% - 20%
Fixed income	30% - 40%
Cash and cash equivalents	0% - 10%

Currently, the City uses a composite long-term expected rate of return of 7.75 percent (equal to the discount rate). The City is in the process of transitioning its investment advisory services and expects to develop a new building-block approach that will establish a range of long-term expected rates of returns by asset class.

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.98 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 85,219,983	$ 63,509,014	$ 45,086,353

12. OTHER POSTEMPLOYMENT BENEFITS

The City provides post employment health and dental care benefits, as per the requirements of union contracts, for certain retirees and their dependents. The benefits vary depending on a retiree's years of service and the union contract under which they retired. Currently, 425 retirees are eligible. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participants. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

Plan description. The City contributes to the City of Royal Oak Retiree Health Fund (RHF), which is a single-employer defined benefit healthcare plan administered by the City of Royal Oak Retirement System. The plan covers most full-time employees of the City. At June 30, 2012 (the date of the most recent actuarial report), membership consisted of:

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

The RHF provides medical and prescription benefits to eligible retirees and their dependents. The RHF was established under State of Michigan Public Act 149 of 1999.

Significant Accounting Policies. The plan is included in the City's financial statements combined with the pension plan as the Pension and Other Employee Benefit Trust fund. A stand-alone financial report has not been issued. The Plan's financial statements are prepared using information as of June 30, 2014. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2014, there were no investments in any one organization in excess of five percent of net position available for benefits.

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

Contributions. Public Act 149 authorizes the City Commission to establish and amend contribution requirements of the plan members. Active service members and retired members or their beneficiaries are not required to contribute to the plan. For the year ended June 30, 2014, the City contributed $7,398,922.

Three-Year Trend Information			
Years Ended June 30,	Annual OPEB Cost (AOC)	Percentage Contributed	Net OPEB Obligation
2012	$ 14,009,728	48%	$ 17,192,662
2013	13,931,304	52%	23,925,601
2014	14,375,204	51%	30,901,883

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, 2012, using the entry actual age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 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 9% initially, reduced by decrements to an ultimate rate of 3.5% annually. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The excess of assets over the actuarial liability is being amortized as a level percentage of payroll on a open basis. The UAAL has a remaining amortization period at June 30, 2014 of 26 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	$ 14,618,337
Interest on net OPEB obligation	957,697
Adjustment to annual required contribution	(1,200,830)
Net OPEB cost (expense)	14,375,204
Contributions made	(7,398,922)
Increase in net OPEB obligation	6,976,282
Net OPEB obligation, beginning of year	23,925,601
Net OPEB obligation, end of year	$ 30,901,883

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

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

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

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Assets			
Cash and cash equivalents	$ 778,638	$ -	$ 778,638
Receivables, net of uncollectibles	306,250	-	306,250
Retirement investments, at fair value			
U.S. government obligations	17,135,478	-	17,135,478
Municipal bonds	15,776,477	-	15,776,477
Corporate bonds	6,184,653	-	6,184,653
Equities	93,371,472	-	93,371,472
Mutual funds	2,762,321	9,498,790	12,261,111
Other investments	3,071,225	-	3,071,225
Total assets	139,386,514	9,498,790	148,885,304
Liabilities			
Accounts payable	73,638	830,034	903,672
Accrued and other liabilities	27	664	691
Total liabilities	73,665	830,698	904,363
Net position			
Restricted for:			
Employees' pension benefits	139,312,849	-	139,312,849
Other postemployment benefits	-	8,668,092	8,668,092
Total net position	$ 139,312,849	$ 8,668,092	$ 147,980,941

	Changes in Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Additions			
Contributions:			
Employer	$ 6,539,504	$ 7,398,922	$ 13,938,426
Plan members	904,706	-	904,706
Plan members' buyback	699,141	-	699,141
Total contributions	8,143,351	7,398,922	15,542,273
Investment earnings:			
Net change in fair value of investments	19,260,368	1,253,217	20,513,585
Interest	1,353,992	557	1,354,549
Dividends	2,033,890	-	2,033,890
Other investment revenues	21,098	-	21,098
Total investment gain	22,669,348	1,253,774	23,923,122
Investment expense	880,409	-	880,409
Net investment gain	21,788,939	1,253,774	23,042,713
Total additions	29,932,290	8,652,696	38,584,986
Deductions			
Benefits	14,149,957	7,623,675	21,773,632
Refund of contributions	494,978	-	494,978
Administrative expenses	49,691	-	49,691
Total deductions	14,694,626	7,623,675	22,318,301
Change in net position	15,237,664	1,029,021	16,266,685
Net position, beginning of year	124,075,185	7,639,071	131,714,256
Net position, end of year	$ 139,312,849	$ 8,668,092	$ 147,980,941

14. DEFINED CONTRIBUTION PENSION PLAN

A Defined Contribution Plan has been established for all new hires of the following bargaining units as of the respective dates:

Bargaining Unit	Date	City Contribution	Employee Contribution
Executive department heads	May 1, 2008	7%	5%
Department heads and deputies	July 1, 2008	7%	5%
Technical and professional	July 1, 2007	7%	5%
Foreman and supervisors	July 1, 2006	7%	5%
SEIU	July 1, 2006	7%	5%
AFSCME	July 1, 2006	7%	5%

Uniformed groups (police and fire) do not have a defined contribution plan for their new hires. Instead, they increased their contribution rate to the defined benefit plan for all their employees, existing and new hires.

Plan description and funding requirements. The Defined Contribution Plan is established by the City and administered by ICMA-RC (International City/County Management Association - Retirement Corporation), for new hire members of the City's six bargaining groups listed above. On June 30, 2014, there were 33 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, 2014, were $58,658 by the employees and $82,120 by the City.

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2014, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	$ 71,133,401	$ 14,694,660	$ 2,895,755
Capital assets being depreciated, net	69,231,711	100,431,070	1,132,278
	140,365,112	115,125,730	4,028,033
Related debt:			
General obligation bonds	14,182,000	25,081,393	-
Less amounts owed from other communities	-	(2,798,677)	-
Contractual obligations	-	18,554,963	-
Bond discount	(121,544)	(259,556)	-
Bond premium	242,107	-	-
Deferred charge on refunding	(58,332)	(244,518)	-
	14,244,231	40,333,605	-
Net investment in capital assets	$ 126,120,881	$ 74,792,125	$ 4,028,033

Notes to Financial Statements

16. SUBSEQUENT EVENT

On November 20, 2014, the City issued Capital Improvement Refunding Bonds, Series 2014 limited tax general obligation bonds in the amount of $2,053,000 to refund the 2005 Building Authority bonds in the amount of $1,980,000. The bonds carry an interest rate of 2.3% and mature on June 1, 2023.

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Royal Oak

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information (GASB Statement 27)

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
6/30/2008	$ 145,561	$ 166,957	$ 21,396	87.2%	$ 20,460	104.6%
6/30/2009	138,812	173,543	34,731	80.0%	20,139	172.5%
6/30/2010	132,168	178,656	46,488	74.0%	18,373	253.0%
6/30/2011	125,357	188,717	63,360	66.4%	16,805	377.0%
6/30/2012	124,013	190,595	66,582	65.1%	15,847	420.2%
6/30/2013	125,709	199,909	74,200	62.9%	15,296	485.1%

Schedule of Employer Contributions
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	$ 4,075	100%
2010	4,373	100%
2011	4,563	100%
2012	5,269	100%
2013	6,209	100%
2014	6,540	100%

Notes to Schedule of Funding Progress:

1. All trend information has been calculated using entry age normal actuarial method.
2. For information regarding contribution percentage rates, assumptions, amortization method, etc., see Note 11.

Required Supplementary Information (GASB Statement 67)

Schedule of Investment Returns
Last Fiscal Year (ultimately ten years will be displayed)

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
6/30/2014	17.98%

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information (GASB Statement 67)

Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Fiscal Year (ultimately ten fiscal years will be displayed)

	2014
Change in total pension liability	
Service cost	$ 2,485,567
Interest	15,021,782
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(14,643,773)
Net change in total pension liability	2,863,576
Total pension liability, beginning	199,908,548
Total pension liability, ending (a)	202,772,124
Change in plan fiduciary net position	
Contributions - employer	6,539,504
Contributions - member	1,603,847
Net investment income	21,788,939
Benefit payments, including refunds of member contributions	(14,644,935)
Administrative expense	(49,691)
Other	
Net change in plan fiduciary net position	15,237,664
Plan fiduciary net position, beginning	124,075,185
Plan fiduciary net position, ending (b)	139,312,849
City's net pension liability, ending (a)-(b)	$ 63,459,275
Plan fiduciary net position as a percentage of the total pension liability	68.70%
Covered-employee payroll	$ 15,296,167
City's net pension liability as a percentage of covered payroll	414.87%

Required Supplementary Information (GASB Statement 67)

Schedule of City Contributions

Last Fiscal Year (ultimately ten years will be displayed)

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2014	$ 6,480,707	$ 6,503,436	$ (22,729)	$15,296,167	42.5%

Required Supplementary Information (GASB Statement 45)

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
6/30/2008	$ 207	$ 114,518	$ 114,311	0.2%	$ 20,460	558.7%
6/30/2010	4,814	116,791	111,977	4.1%	18,373	609.5%
6/30/2012	7,141	120,307	113,166	5.9%	15,463	731.8%

Schedule of Employer Contributions

(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	$ 14,035	51%
2013	14,035	51%
2014	14,618	51%

Notes to Schedule of Funding Progress:

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Assets			
Cash and investments	$ 2,778,161	$ 293,428	$ 33,236
Receivables, net of uncollectibles	32,418	-	106
Due from other governmental units	477,574	155,169	-
Inventories	125,533	20,533	-
Restricted assets, cash	-	-	-
Total assets	$ 3,413,686	$ 469,130	$ 33,342
Liabilities			
Accounts payable	$ 30,573	$ 3,347	$ -
Accrued and other liabilities	12,964	29,255	492
Cash bonds and deposits	-	-	-
Unearned revenue	-	-	-
Total liabilities	43,537	32,602	492
Deferred inflows of resources			
Unavailable revenue - property taxes and special assessments	-	-	105
Fund balances			
Nonspendable:			
Inventory	125,533	20,533	-
Endowment	-	-	-
Restricted	3,244,616	415,995	32,745
Total fund balances	3,370,149	436,528	32,745
Total liabilities, deferred inflows of resources and fund balances	$ 3,413,686	$ 469,130	$ 33,342

Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
Special Revenue Funds					
$ 648,039	$ 1,028,441	$ 3,143,435	$ 490,043	$ 795,701	$ 9,210,484
-	4,561	-	500	2,002	39,587
-	-	-	-	-	632,743
-	-	-	-	-	146,066
-	-	-	-	-	-
$ 648,039	$ 1,033,002	$ 3,143,435	$ 490,543	$ 797,703	$ 10,028,880
$ 23,060	$ 18,484	$ 15,096	$ 1,924	$ 12,259	$ 104,743
7,040	25,998	20,358	-	2,121	98,228
-	-	-	-	13,198	13,198
-	-	-	-	41,674	41,674
30,100	44,482	35,454	1,924	69,252	257,843
-	4,561	-	-	-	4,666
-	-	-	-	-	146,066
-	-	-	-	-	-
617,939	983,959	3,107,981	488,619	728,451	9,620,305
617,939	983,959	3,107,981	488,619	728,451	9,766,371
$ 648,039	$ 1,033,002	$ 3,143,435	$ 490,543	$ 797,703	$ 10,028,880

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

		Capital Projects Funds	
	Debt Service Fund	Capital Projects	Special Assessments
Assets			
Cash and investments	$ 108,875	$ 1,150,870	$ 13,893
Receivables, net of uncollectibles	1,471	1,061,594	527,579
Due from other governmental units	-	-	-
Inventories	-	-	-
Restricted assets, cash	-	-	-
Total assets	$ 110,346	$ 2,212,464	$ 541,472
Liabilities			
Accounts payable	$ -	$ 431,336	$ 697
Accrued and other liabilities	-	130,228	-
Cash bonds and deposits	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	561,564	697
Deferred inflows of resources			
Unavailable revenue - property taxes and special assessments	1,471	1,057,701	527,579
Fund balances			
Nonspendable:			
Inventory	-	-	-
Endowment	-	-	-
Restricted	108,875	593,199	13,196
Total fund balances	108,875	593,199	13,196
Total liabilities, deferred inflows of resources and fund balances	$ 110,346	$ 2,212,464	$ 541,472

Total Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
$ 1,164,763	$ 10,358	$ 10,494,480
1,589,173	4	1,630,235
-	-	632,743
-	-	146,066
-	1,000	1,000
$ 2,753,936	$ 11,362	$ 12,904,524
$ 432,033	$ -	$ 536,776
130,228	-	228,456
-	-	13,198
-	-	41,674
562,261	-	820,104
1,585,280	-	1,591,417
-	-	146,066
-	1,000	1,000
606,395	10,362	10,345,937
606,395	11,362	10,493,003
$ 2,753,936	$ 11,362	$ 12,904,524

concluded.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds		
	Major Streets	Local Streets	Publicity
Revenues			
Taxes	$ -	$ -	$ 46,705
Licenses and permits	171,954	-	-
Federal grants	141,628	-	-
State grants	3,049,269	1,100,778	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	8,268	2,024	34
Contributions and donations	166,264	-	-
Other revenue	49,099	566	-
Total revenues	3,586,482	1,103,368	46,739
Expenditures			
Current:			
General government	-	-	53,836
Public safety	-	-	-
Public works	1,877,033	1,924,776	-
Recreation and culture	-	-	-
Debt service:			
Principal payments	-	-	-
Interest and paying agent fees	-	-	-
Total expenditures	1,877,033	1,924,776	53,836
Revenues over (under) expenditures	1,709,449	(821,408)	(7,097)
Other financing sources (uses)			
Issuance of long-term debt	-	-	-
Transfers in	423,810	444,288	25,000
Transfers out	(1,341,716)	(334,988)	-
Total other financing sources (uses)	(917,906)	109,300	25,000
Net change in fund balances	791,543	(712,108)	17,903
Fund balances, beginning of year	2,578,606	1,148,636	14,842
Fund balances, end of year	$ 3,370,149	$ 436,528	$ 32,745

Special Revenue Funds					
Senior Citizens Program	Library Millage	State Construction Code	ROOTS	Grants	Total Nonmajor Special Revenue Funds
$ -	$ 2,015,850	$ -	$ -	$ -	$ 2,062,555
-	-	2,574,976	-	54,252	2,801,182
-	-	-	-	174,832	316,460
155,482	107,027	-	-	26,155	4,438,711
257,738	71,717	-	-	25,890	355,345
-	2,884	-	-	69,961	72,845
1,997	3,712	2,982	602	829	20,448
47,365	20,216	-	204,814	31,922	470,581
-	5,401	50,623	-	1,166	106,855
462,582	2,226,807	2,628,581	205,416	385,007	10,644,982
-	-	-	-	-	53,836
-	-	1,132,306	3,909	507,347	1,643,562
-	-	-	-	-	3,801,809
781,040	1,898,002	-	40,074	-	2,719,116
-	195,000	-	-	-	195,000
-	97,193	-	-	-	97,193
781,040	2,190,195	1,132,306	43,983	507,347	8,510,516
(318,458)	36,612	1,496,275	161,433	(122,340)	2,134,466
-	-	-	-	-	-
250,000	30,000	-	-	152,778	1,325,876
(5,000)	-	(55,400)	(159,697)	-	(1,896,801)
245,000	30,000	(55,400)	(159,697)	152,778	(570,925)
(73,458)	66,612	1,440,875	1,736	30,438	1,563,541
691,397	917,347	1,667,106	486,883	698,013	8,202,830
$ 617,939	$ 983,959	$ 3,107,981	$ 488,619	$ 728,451	$ 9,766,371

continued...

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2014

		Capital Projects Funds	
	Debt Service Fund	Capital Projects	Special Assessments
Revenues			
Taxes	$ 631,435	$ -	$ -
Licenses and permits	-	-	-
Federal grants	-	-	-
State grants	-	-	-
Charges for services	-	336,996	-
Fines and forfeitures	-	-	-
Interest and rentals	121	24,551	36,904
Contributions and donations	514,952	617,164	100,010
Other revenue	-	16,203	-
Total revenues	1,146,508	994,914	136,914
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	2,917,605	-
Recreation and culture	-	-	-
Debt service:			
Principal payments	900,000	-	-
Interest and paying agent fees	340,234	-	-
Total expenditures	1,240,234	2,917,605	-
Revenue over (under) expenditures	(93,726)	(1,922,691)	136,914
Other financing sources (uses)			
Issuance of long-term debt	-	1,127,000	-
Transfers in	100,300	1,683,794	-
Transfers out	-	(471,024)	(136,915)
Total other financing sources (uses)	100,300	2,339,770	(136,915)
Net change in fund balances	6,574	417,079	(1)
Fund balances, beginning of year	102,301	176,120	13,197
Fund balances, end of year	$ 108,875	$ 593,199	$ 13,196

Total Nonmajor Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 2,693,990
-	-	2,801,182
-	-	316,460
-	-	4,438,711
336,996	-	692,341
-	-	72,845
61,455	15	82,039
717,174	-	1,702,707
16,203	-	123,058
1,131,828	15	12,923,333
-	-	53,836
-	-	1,643,562
2,917,605	-	6,719,414
-	-	2,719,116
-	-	1,095,000
-	-	437,427
2,917,605	-	12,668,355
(1,785,777)	15	254,978
1,127,000	-	1,127,000
1,683,794	-	3,109,970
(607,939)	-	(2,504,740)
2,202,855	-	1,732,230
417,078	15	1,987,208
189,317	11,347	8,505,795
$ 606,395	$ 11,362	$ 10,493,003

concluded.

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ 168,000	$ 181,000	$ 171,954	$ (9,046)
Federal grants	-	141,630	141,628	(2)
State grants	2,595,000	3,063,900	3,049,269	(14,631)
Interest and rentals	7,500	7,500	8,268	768
Contributions and donations	15,600	166,260	166,264	4
Other revenue	10,000	83,000	49,099	(33,901)
Total revenues	2,796,100	3,643,290	3,586,482	(56,808)
Expenditures				
Current -				
Public works	1,622,020	1,968,600	1,877,033	(91,567)
Revenues over expenditures	1,174,080	1,674,690	1,709,449	34,759
Other financing sources (uses)				
Transfers in	-	-	423,810	423,810
Transfers out	(2,083,550)	(2,083,550)	(1,341,716)	(741,834)
Total other financing sources (uses)	(2,083,550)	(2,083,550)	(917,906)	1,165,644
Net change in fund balance	(909,470)	(408,860)	791,543	1,200,403
Fund balance, beginning of year	2,578,606	2,578,606	2,578,606	-
Fund balance, end of year	$ 1,669,136	$ 2,169,746	$ 3,370,149	$ 1,200,403

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Streets Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	$ 905,000	$ 1,090,000	$ 1,100,778	$ 10,778
Interest and rentals	7,500	7,500	2,024	(5,476)
Other revenue	1,500	1,500	566	(934)
Total revenues	914,000	1,099,000	1,103,368	4,368
Expenditures				
Current -				
Public works	1,724,470	1,972,870	1,924,776	(48,094)
Revenues over (under) expenditures	(810,470)	(873,870)	(821,408)	52,462
Other financing sources (uses)				
Transfers in	350,000	350,000	444,288	94,288
Transfers out	(359,000)	(359,000)	(334,988)	(24,012)
Total other financing sources (uses)	(9,000)	(9,000)	109,300	118,300
Net change in fund balance	(819,470)	(882,870)	(712,108)	170,762
Fund balance, beginning of year	1,148,636	1,148,636	1,148,636	-
Fund balance, end of year	$ 329,166	$ 265,766	$ 436,528	$ 170,762

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 47,000	$ 47,000	$ 46,705	$ (295)
Interest and rentals	-	-	34	34
Total revenues	47,000	47,000	46,739	(261)
Expenditures				
Current -				
General government	72,990	72,990	53,836	(19,154)
Revenues over (under) expenditures	(25,990)	(25,990)	(7,097)	18,893
Other financing sources				
Transfers in	25,000	25,000	25,000	-
Net change in fund balance	(990)	(990)	17,903	18,893
Fund balance, beginning of year	14,842	14,842	14,842	-
Fund balance, end of year	$ 13,852	$ 13,852	$ 32,745	$ 18,893

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Senior Citizens Program Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	$ 127,220	$ 155,480	$ 155,482	$ 2
Charges for services	227,800	251,800	257,738	5,938
Interest and rentals	2,500	2,500	1,997	(503)
Contributions and donations	47,430	47,430	47,365	(65)
Total revenues	404,950	457,210	462,582	5,372
Expenditures				
Current -				
Recreation and culture	735,070	930,470	781,040	(149,430)
Revenues over (under) expenditures	(330,120)	(473,260)	(318,458)	154,802
Other financing sources (uses)				
Transfers in	(250,000)	250,000	250,000	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	(255,000)	245,000	245,000	-
Net change in fund balance	(585,120)	(228,260)	(73,458)	154,802
Fund balance, beginning of year	691,397	691,397	691,397	-
Fund balance, end of year	$ 106,277	$ 463,137	$ 617,939	$ 154,802

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Millage Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 1,990,000	$ 1,990,000	$ 2,015,850	$ 25,850
State grants	102,000	102,000	107,027	5,027
Charges for services	77,000	77,000	71,717	(5,283)
Fines and forfeitures	4,000	4,000	2,884	(1,116)
Interest and rentals	4,700	4,700	3,712	(988)
Contributions and donations	2,500	19,780	20,216	436
Other revenue	1,000	1,000	5,401	4,401
Total revenues	2,181,200	2,198,480	2,226,807	28,327
Expenditures				
Current -				
Recreation and culture	1,972,480	1,989,730	1,898,002	(91,728)
Debt service:				
Principal payments	195,000	195,000	195,000	-
Interest and paying agents fees	96,390	96,390	97,193	803
Total expenditures	2,263,870	2,281,120	2,190,195	(90,925)
Revenues over (under) expenditures	(82,670)	(82,640)	36,612	119,252
Other financing sources				
Transfers in	30,000	30,000	30,000	-
Net change in fund balance	(52,670)	(52,640)	66,612	119,252
Fund balance, beginning of year	917,347	917,347	917,347	-
Fund balance, end of year	$ 864,677	$ 864,707	$ 983,959	$ 119,252

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ 1,219,000	$ 2,298,100	$ 2,574,976	$ 276,876
Interest and rentals	2,500	2,500	2,982	482
Other revenue	24,000	45,500	50,623	5,123
Total revenues	1,245,500	2,346,100	2,628,581	282,481
Expenditures				
Current -				
Public safety	1,325,570	1,225,570	1,132,306	(93,264)
Revenues over (under) expenditures	(80,070)	1,120,530	1,496,275	375,745
Other financing uses				
Transfers out	(70,400)	(70,400)	(55,400)	(15,000)
Net change in fund balance	(150,470)	1,050,130	1,440,875	390,745
Fund balance, beginning of year	1,667,106	1,667,106	1,667,106	-
Fund balance, end of year	$ 1,516,636	$ 2,717,236	$ 3,107,981	$ 390,745

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - ROOTS Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	$ 1,700	$ 1,700	$ 602	$ (1,098)
Contributions and donations	58,600	206,940	204,814	(2,126)
Total revenues	60,300	208,640	205,416	(3,224)
Expenditures				
Current:				
Public safety	2,300	3,930	3,909	(21)
Recreation and culture	12,400	39,480	40,074	594
Total expenditures	14,700	43,410	43,983	573
Revenues over expenditures	45,600	165,230	161,433	(3,797)
Other financing uses				
Transfers out	(61,600)	(159,700)	(159,697)	(3)
Net change in fund balance	(16,000)	5,530	1,736	(3,794)
Fund balance, beginning of year	486,883	486,883	486,883	-
Fund balance, end of year	$ 470,883	$ 492,413	$ 488,619	$ (3,794)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	$ 64,000	$ 64,000	$ 54,252	$ (9,748)
Federal grants	22,000	167,390	174,832	7,442
State grants	34,000	34,000	26,155	(7,845)
Charges for services	20,000	24,050	25,890	1,840
Fines and forfeitures	40,000	50,500	69,961	19,461
Interest and rentals	290	8,410	829	(7,581)
Contributions and donations	40,000	47,260	31,922	(15,338)
Other revenue	-	-	1,166	1,166
Total revenues	220,290	395,610	385,007	(10,603)
Expenditures				
Current:				
Public safety	238,734	549,614	507,347	(42,267)
Community and economic development	6	6	-	(6)
Total expenditures	238,740	549,620	507,347	(42,273)
Revenues over (under) expenditures	(18,450)	(154,010)	(122,340)	31,670
Other financing sources				
Transfers in	18,000	152,790	152,778	(12)
Net change in fund balance	(450)	(1,220)	30,438	31,658
Fund balance, beginning of year	698,013	698,013	698,013	-
Fund balance, end of year	$ 697,563	$ 696,793	$ 728,451	$ 31,658

Combining Statement of Net Position

Nonmajor Enterprise Funds
June 30, 2014

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	$ 92,117	$ 216,669	$ 234,918	$ 535,499	$ 1,079,203
Receivables, net of uncollectibles	5,145	98,228	1,173	21,961	126,507
Total current assets	97,262	314,897	236,091	557,460	1,205,710
Noncurrent assets:					
Capital assets	-	4,471,882	5,210,198	2,538,835	12,220,915
Accumulated depreciation	-	(1,056,348)	(3,016,109)	(937,356)	(5,009,813)
Total noncurrent assets	-	3,415,534	2,194,089	1,601,479	7,211,102
Total assets	97,262	3,730,431	2,430,180	2,158,939	8,416,812
Liabilities					
Current liabilities:					
Accounts payable	-	19,172	65,354	16,495	101,021
Accrued and other liabilities	-	7,197	906	830	8,933
Unearned revenue	-	-	-	23,662	23,662
Compensated absences, current	-	9,901	956	369	11,226
Total current liabilities	-	36,270	67,216	41,356	144,842
Noncurrent liabilities:					
Accrued compensated absences	-	9,903	956	369	11,228
Other postemployment benefits obligation	-	146,816	37,679	8,306	192,801
Total noncurrent liabilities	-	156,719	38,635	8,675	204,029
Total liabilities	-	192,989	105,851	50,031	348,871
Net position					
Net investment in capital assets	-	3,415,534	2,194,089	1,601,479	7,211,102
Unrestricted	97,262	121,908	130,240	507,429	856,839
Total net position	$ 97,262	$ 3,537,442	$ 2,324,329	$ 2,108,908	$ 8,067,941

CITY OF ROYAL OAK, MICHIGAN

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

Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	$ 366,755	$ 589,066	$ 1,233,831	$ 477,974	$ 2,667,626
Other	11,145	-	-	2,665	13,810
Total operating revenues	377,900	589,066	1,233,831	480,639	2,681,436
Operating expenses					
Salaries and benefits	82,547	300,242	14,747	9,221	406,757
Supplies	-	21,666	87,315	10,302	119,283
Other services and charges	191,722	228,288	1,080,955	338,214	1,839,179
Depreciation	-	87,765	130,169	69,808	287,742
Total operating expenses	274,269	637,961	1,313,186	427,545	2,652,961
Operating income (loss)	103,631	(48,895)	(79,355)	53,094	28,475
Nonoperating revenues					
Federal grants	-	-	-	4,515	4,515
Interest income	165	171	168	962	1,466
Total nonoperating revenues	165	171	168	5,477	5,981
Income (loss) before transfers	103,796	(48,724)	(79,187)	58,571	34,456
Transfers					
Transfers out	(56,534)	-	(32,324)	-	(88,858)
Change in net position	47,262	(48,724)	(111,511)	58,571	(54,402)
Net position, beginning of year	50,000	3,586,166	2,435,840	2,050,337	8,122,343
Net position, end of year	$ 97,262	$ 3,537,442	$ 2,324,329	$ 2,108,908	$ 8,067,941

Royal Oak
Life Now Playing

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers	$ 362,010	$ 587,580	$ 1,233,741	$ 460,901	$ 2,644,232
Other operating receipts	11,145	-	-	2,665	13,810
Payments to vendors	(191,722)	(208,091)	(1,186,333)	(344,819)	(1,930,965)
Payments to employees	(82,547)	(301,837)	(20,615)	(9,084)	(414,083)
Net cash provided by operating activities	98,886	77,652	26,793	109,663	312,994
Cash flows from noncapital financing activities					
Federal operating grants	-	-	-	4,515	4,515
Transfers to other funds	(56,534)	-	(32,324)	-	(88,858)
Net cash provided by (used in) noncapital financing activities	(56,534)	-	(32,324)	4,515	(84,343)
Cash flows from capital and related financing activities					
Purchase of capital assets	-	-	-	(32,600)	(32,600)
Cash flows from investing activities					
Interest received on investments	165	171	168	962	1,466
Net change in cash and investments	42,517	77,823	(5,363)	82,540	197,517
Cash and investments balances, beginning of year	49,600	138,846	240,281	452,959	881,686
Cash and investments balances, end of year	$ 92,117	$ 216,669	$ 234,918	$ 535,499	$ 1,079,203
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 103,631	$ (48,895)	$ (79,355)	$ 53,094	$ 28,475
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	87,765	130,169	69,808	287,742
Changes in assets and liabilities:					
Receivables, net	(4,745)	(1,486)	(90)	(11,494)	(17,815)
Accounts payable	-	10,606	(21,030)	2,362	(8,062)
Accrued and other liabilities	-	(2,096)	(222)	126	(2,192)
Unearned revenue	-	-	-	(5,579)	(5,579)
Accrued compensated absences	-	501	(5,646)	11	(5,134)
Other postemployment benefits obligation	-	31,257	2,967	1,335	35,559
Net cash provided by operating activities	$ 98,886	$ 77,652	$ 26,793	$ 109,663	$ 312,994

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Assets						
Current assets:						
Cash and investments	$ 1,289,780	$ 8,306,680	$ 2,922,405	$ 6,091,426	$ 1,927,839	$ 20,538,130
Receivables, net of uncollectibles	-	12,056	-	14,299	-	26,355
Prepaid items	-	2,373	-	993,432	465,090	1,460,895
Inventories	-	247,422	-	-	-	247,422
Total current assets	1,289,780	8,568,531	2,922,405	7,099,157	2,392,929	22,272,802
Noncurrent assets:						
Capital assets	2,126,677	16,770,549	-	-	-	18,897,226
Accumulated depreciation	(1,508,524)	(11,919,244)	-	-	-	(13,427,768)
Total noncurrent assets	618,153	4,851,305	-	-	-	5,469,458
Total assets	1,907,933	13,419,836	2,922,405	7,099,157	2,392,929	27,742,260
Liabilities						
Current liabilities:						
Accounts payable	31,019	72,569	15,688	-	-	119,276
Accrued and other liabilities	12,127	42,384	-	312,000	-	366,511
Bonds payable, due within one year	-	390,000	-	-	-	390,000
Other long-term liabilities, current	-	-	308,636	-	333,465	642,101
Compensated absences, current	28,832	39,008	-	-	-	67,840
Total current liabilities	71,978	543,961	324,324	312,000	333,465	1,585,728
Noncurrent liabilities:						
Bonds payable	-	1,596,495	-	-	-	1,596,495
Other long-term liabilities	-	-	308,636	-	333,465	642,101
Accrued compensated absences	28,999	40,016	-	-	-	69,015
Other postemployment benefits obligation	435,978	627,648	-	-	-	1,063,626
Total noncurrent liabilities	464,977	2,264,159	308,636	-	333,465	3,371,237
Total liabilities	536,955	2,808,120	632,960	312,000	666,930	4,956,965
Net position						
Net investment in capital assets	618,153	2,864,810	-	-	-	3,482,963
Unrestricted	752,825	7,746,906	2,289,445	6,787,157	1,725,999	19,302,332
Total net position	$ 1,370,978	$ 10,611,716	$ 2,289,445	$ 6,787,157	$ 1,725,999	$ 22,785,295

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

Internal Service Funds
For the Year Ended June 30, 2014

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Operating revenues						
Charges for services	$ 1,038,300	$ 4,498,745	$ 1,066,000	$ 9,731,326	$ 1,821,209	$ 18,155,580
Other revenue	1,637	18,166	12,421	5,292	845	38,361
Total operating revenues	1,039,937	4,516,911	1,078,421	9,736,618	1,822,054	18,193,941
Operating expenses						
Salaries and benefits	667,837	1,202,817	426,549	8,095,026	-	10,392,229
Supplies	87,106	969,495	-	-	-	1,056,601
Other services and charges	373,516	529,389	126,897	-	1,073,927	2,103,729
Depreciation	72,891	772,361	-	-	-	845,252
Total operating expenses	1,201,350	3,474,062	553,446	8,095,026	1,073,927	14,397,811
Operating income (loss)	(161,413)	1,042,849	524,975	1,641,592	748,127	3,796,130
Nonoperating revenues (expenses)						
Interest expense	-	(94,521)	-	-	-	(94,521)
Gain on sale of capital assets	-	14,246	-	-	-	14,246
Total nonoperating revenue (expenses)	-	(80,275)	-	-	-	(80,275)
Income (loss) before transfers	(161,413)	962,574	524,975	1,641,592	748,127	3,715,855
Transfers						
Transfers in	-	272,400	-	-	-	272,400
Transfers out	-	(26,305)	-	-	-	(26,305)
Total transfers	-	246,095	-	-	-	246,095
Change in net position	(161,413)	1,208,669	524,975	1,641,592	748,127	3,961,950
Net position, beginning of year	1,532,391	9,403,047	1,764,470	5,145,565	977,872	18,823,345
Net position, end of year	$ 1,370,978	$ 10,611,716	$ 2,289,445	$ 6,787,157	$ 1,725,999	$ 22,785,295

Combining Statement of Cash Flows

Internal Service Funds
For the Year Ended June 30, 2014

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	$ 1,038,300	$ 4,498,745	$ 1,066,000	$ 9,731,326	$ 1,821,209	$ 18,155,580
Other operating receipts	1,637	18,166	12,421	5,292	845	38,361
Payments to vendors	(433,407)	(1,515,716)	(122,882)	(89,805)	(1,423,357)	(3,585,167)
Payments to employees	(600,570)	(1,090,876)	(297,583)	(8,322,097)	-	(10,311,126)
Net cash provided by operating activities	5,960	1,910,319	657,956	1,324,716	398,697	4,297,648
Cash flows from noncapital financing activities						
Transfers from other funds	-	272,400	-	-	-	272,400
Transfers to other funds	-	(26,305)	-	-	-	(26,305)
Net cash provided by noncapital financing activities	-	246,095	-	-	-	246,095
Cash flows from capital and related financing activities						
Purchase of capital assets	(280,418)	(927,244)	-	-	-	(1,207,662)
Principal paid on capital debt	-	(380,000)	-	-	-	(380,000)
Interest paid on capital debt	-	(93,501)	-	-	-	(93,501)
Proceeds from sale of capital assets	-	14,246	-	-	-	14,246
Net cash used in capital and related financing activities	(280,418)	(1,386,499)	-	-	-	(1,666,917)
Net change in cash and investments	(274,458)	769,915	657,956	1,324,716	398,697	2,876,826
Cash and investments balances, beginning of year	1,564,238	7,536,765	2,264,449	4,766,710	1,529,142	17,661,304
Cash and investments balances, end of year	$ 1,289,780	$ 8,306,680	$ 2,922,405	$ 6,091,426	$ 1,927,839	$ 20,538,130

continued…

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	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)	$ (161,413)	$ 1,042,849	$ 524,975	$ 1,641,592	$ 748,127	$ 3,796,130
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	72,891	772,361	-	-	-	845,252
Changes in assets and liabilities:						
Receivables, net	-	(12,056)	-	(14,219)	-	(26,275)
Prepaid items	-	(2,373)	-	(75,586)	(465,090)	(543,049)
Inventories	-	(10,666)	-	-	-	(10,666)
Accounts payable	27,215	8,263	4,015	-	-	39,493
Accrued and other liabilities	(11,158)	(7,296)	-	(227,071)	-	(245,525)
Other long-term liabilities	-	-	128,966	-	115,660	244,626
Accrued compensated absences	(15,366)	6,791	-	-	-	(8,575)
Other postemployment benefits obligation	93,791	112,446	-	-	-	206,237
Net cash provided by operating activities	$ 5,960	$ 1,910,319	$ 657,956	$ 1,324,716	$ 398,697	$ 4,297,648

concluded.

Royal Oak
Life Now Playing

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
June 30, 2014

	Agency	Tax Collection Fund	44th District Court	Total
Assets				
Cash and investments	$ 90,494	$ 36,648	$ 182,967	$ 310,109
Liabilities				
Undistributed receipts	$ 16,343	$ 34,270	$ 79,850	$ 130,463
Due to other governmental units	1,340	-	-	1,340
Bonds and deposits	72,811	2,378	103,117	178,306
Total liabilities	$ 90,494	$ 36,648	$ 182,967	$ 310,109

Combining Statement of Changes in Assets and Liabilities

Agency Funds
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Agency Fund				
Assets				
Cash and investments	$ 83,132	$ 129,086	$ (121,724)	$ 90,494
Liabilities				
Undistributed receipts	$ -	$ 134,012	$ (117,669)	$ 16,343
Due to other governmental units	50	1,380	(90)	1,340
Bonds and deposits	83,082	127,639	(137,910)	72,811
Total liabilities	$ 83,132	$ 263,031	$ (255,669)	$ 90,494
Tax Collection Fund				
Assets				
Cash and investments	$ 15,197	$ 103,882,394	$ (103,860,943)	$ 36,648
Liabilities				
Undistributed receipts	$ 11,743	$ 567,454	$ (544,927)	$ 34,270
Bonds and deposits	3,454	383,507	(384,583)	2,378
Total liabilities	$ 15,197	$ 950,961	$ (929,510)	$ 36,648
44th District Court				
Assets				
Cash and investments	$ 174,103	$ 1,014,490	$ (1,005,626)	$ 182,967
Liabilities				
Undistributed receipts	$ 69,348	$ 929,332	$ (918,830)	$ 79,850
Due to other governmental units	-	940,124	(940,124)	-
Bonds and deposits	104,755	-	(1,638)	103,117
Total liabilities	$ 174,103	$ 1,869,456	$ (1,860,592)	$ 182,967

continued...

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Totals - All Agency Funds				
Assets				
Cash and investments	$ 272,432	$ 105,025,970	$ (104,988,293)	$ 310,109
Liabilities				
Undistributed receipts	$ 81,091	$ 1,630,798	$ (1,581,426)	$ 130,463
Due to other governmental units	3,504	1,325,011	(1,324,797)	1,340
Bonds and deposits	187,837	127,639	(139,548)	178,306
Total liabilities	$ 272,432	$ 3,083,448	$ (3,045,771)	$ 310,109

concluded.

CITY OF ROYAL OAK, MICHIGAN

Balance Sheets
Component Units
June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Assets				
Cash and investments	$ 962,723	$ 96,949	$ 113,456	$ 1,173,128
Receivables, net of uncollectibles	25,320	582	-	25,902
Prepaid expenses	50,000	-	-	50,000
Total assets	$ 1,038,043	$ 97,531	$ 113,456	$ 1,249,030
Liabilities				
Accounts payable	$ 145,574	$ 183	$ -	$ 145,757
Accrued and other liabilities	1,767	541	-	2,308
Total liabilities	147,341	724	-	148,065
Deferred inflows of resources				
Unavailable revenue - property taxes	25,320	582	-	25,902
Fund balances				
Unassigned	865,382	96,225	113,456	1,075,063
Total liabilities, deferred inflows of resources and fund balances	$ 1,038,043	$ 97,531	$ 113,456	$ 1,249,030

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
Component Units
June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Fund balances for component units	$ 865,382	$ 96,225	$ 113,456	$ 1,075,063
Amounts reported for *component units* in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.				
Capital assets, net of accumulated depreciation	4,028,033	-	-	4,028,033
The focus of governmental funds is on short-term available financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in the fund balance.				
Unavailable property taxes receivable	25,320	582	-	25,902
Certain liabilities, such as bonds payable, are not due, and payable in the current period, and therefore are not reported in the funds.				
Compensated absences	(6,530)	(6,862)	-	(13,392)
Other postemployment benefit obligation	(110,572)	(20,475)	-	(131,047)
Net position for component units	$ 4,801,633	$ 69,470	$ 113,456	$ 4,984,559

Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units
For the Year Ended June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Revenues				
Taxes	$ 2,749,601	$ 50,489	$ 11,152	$ 2,811,242
Interest and rentals	1,884	124	129	2,137
Contributions and donations	131,082	-	-	131,082
Other revenues	4,245	-	-	4,245
Total revenues	2,886,812	50,613	11,281	2,948,706
Expenditures				
Current				
Community and economic development	3,122,246	35,481	-	3,157,727
Change in fund balances	(235,434)	15,132	11,281	(209,021)
Fund balances, beginning of year	1,100,816	81,093	102,175	1,284,084
Fund balances, end of year	$ 865,382	$ 96,225	$ 113,456	$ 1,075,063

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Component Units
For the Year Ended June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Net change in fund balances - component units	$ (235,434)	$ 15,132	$ 11,281	$ (209,021)
Amounts reported for *component units* in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Depreciation expense	(111,625)	-	-	(111,625)
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.	(11,119)	(1,878)	-	(12,997)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Change in compensated absences	2,138	(2,496)	-	(358)
Change in other postemployment benefit obligation	(21,123)	(4,493)	-	(25,616)
Change in net position of component units	$ (377,163)	$ 6,265	$ 11,281	$ (359,617)

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 2,530,000	$ 2,790,000	$ 2,749,601	$ (40,399)
Interest and rentals	2,000	2,000	1,884	(116)
Contributions and donations	515,320	131,080	131,082	2
Other revenue	-	-	4,245	4,245
Total revenues	3,047,320	2,923,080	2,886,812	(36,268)
Expenditures				
Community and economic development	3,047,310	3,179,540	3,122,246	(57,294)
Net change in fund balance	10	(256,460)	(235,434)	21,026
Fund balance, beginning of year	1,100,816	1,100,816	1,100,816	-
Fund balance, end of year	$ 1,100,826	$ 844,356	$ 865,382	$ 21,026

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Downtown Development Authority
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 46,800	$ 46,800	$ 50,489	$ 3,689
Interest and rentals	150	150	124	(26)
Total revenues	46,950	46,950	50,613	3,663
Expenditures				
Community and economic development	33,580	33,580	35,481	1,901
Net change in fund balance	13,370	13,370	15,132	1,762
Fund balance, beginning of year	81,093	81,093	81,093	-
Fund balance, end of year	$ 94,463	$ 94,463	$ 96,225	$ 1,762

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	$ 11,320	$ 11,320	$ 11,152	$ (168)
Interest and rentals	-	-	129	129
Total revenues	11,320	11,320	11,281	(39)
Expenditures				
Community and economic development	11,320	11,320	-	(11,320)
Net change in fund balance	-	-	11,281	11,281
Fund balance, beginning of year	102,175	102,175	102,175	-
Fund balance, end of year	$ 102,175	$ 102,175	$ 113,456	$ 11,281

STATISTICAL SECTION

Royal Oak
Life Now Playing

Statistical Section Table of Contents

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

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	132
Revenue Capacity	These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	142
Debt Capacity	These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	148
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	158
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	161

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

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	$ 109,014,440	$ 116,963,284	$ 118,453,656	$ 118,921,341
Restricted	20,087,516	19,737,682	22,836,277	24,253,884
Unrestricted (deficit)	3,704,314	2,737,267	2,958,906	4,242,843
Total governmental activities net position	132,806,270	139,438,233	144,248,839	147,418,068
Business-type activities:				
Net investment in capital assets	42,629,281	49,403,430	58,089,326	61,366,065
Restricted	2,574,741	2,764,237	2,653	2,653
Unrestricted	13,424,771	10,863,254	8,330,833	10,061,309
Total business-type activities net position	58,628,793	63,030,921	66,422,812	71,430,027
Primary government:				
Net investment in capital assets	151,643,721	166,366,714	176,542,982	180,287,406
Restricted	22,662,257	22,501,919	22,838,930	24,256,537
Unrestricted	17,129,085	13,600,521	11,289,739	14,304,152
Total primary government net position	$ 191,435,063	$ 202,469,154	$ 210,671,651	$ 218,848,095

Schedule 1
UNAUDITED

Fiscal Year Ended June 30					
2009	2010	2011	2012	2013	2014
$ 119,486,155	$ 121,736,526	$ 120,155,093	$ 122,759,313	$ 124,348,655	$ 126,120,881
14,365,234	15,097,992	15,782,199	15,573,852	21,020,880	17,742,703
14,347,188	9,385,034	3,434,111	(741,153)	(904,202)	5,117,615
148,198,577	146,219,552	139,371,403	137,592,012	144,465,333	148,981,199
61,051,630	64,238,153	67,776,260	68,690,716	71,310,977	74,792,125
2,653	-	-	-	-	-
15,584,666	12,260,677	13,490,313	16,926,698	18,986,638	19,884,780
76,638,949	76,498,830	81,266,573	85,617,414	90,297,615	94,676,905
180,537,785	185,974,679	187,931,353	191,450,029	195,659,632	200,913,006
14,367,887	15,097,992	15,782,199	15,573,852	21,020,880	17,742,703
29,931,854	21,645,711	16,924,424	16,185,545	18,082,436	25,002,395
$ 224,837,526	$ 222,718,382	$ 220,637,976	$ 223,209,426	$ 234,762,948	$ 243,658,104

Financial Trends

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

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	$ 9,509,493	$ 11,837,178	$ 11,820,682	$ 9,081,988
Public safety	17,608,033	19,853,374	20,540,025	24,228,222
Public works	11,505,812	11,130,782	11,677,027	11,647,910
Health and welfare	489,725	488,655	469,999	602,645
Community and economic development	1,356,084	1,779,318	1,532,163	2,301,776
Recreation and culture	3,216,412	3,237,185	3,581,434	4,212,541
Interest and paying agent fees	708,760	733,419	793,776	784,438
Total governmental activities expenses	44,394,319	49,059,911	50,415,106	52,859,520
Business-type activities:				
Water & sewer	14,771,560	15,649,024	16,358,489	16,457,830
Parking	1,966,791	2,143,135	2,136,181	2,325,819
Recreation	2,537,582	1,973,325	1,886,696	1,960,279
Farmers market	213,301	259,037	266,310	327,228
Total business-type activities expenses	19,489,234	20,024,521	20,647,676	21,071,156
Total primary government expenses	63,883,553	69,084,432	71,062,782	73,930,676
Program Revenues				
Governmental activities:				
General government	3,486,523	4,265,247	3,859,945	4,786,182
Public safety	2,894,001	2,869,512	2,490,350	2,302,388
Public works	1,303,489	1,775,743	665,860	550,375
Health and welfare	830,715	874,274	893,850	865,648
Community and economic development	357,520	412,601	396,838	383,077
Recreation and culture	1,293,974	1,291,357	1,301,829	1,494,866
Interest and paying agent fees	751,606	854,553	777,899	-
Charges for services	10,917,828	12,343,287	10,386,571	10,382,536
Operating grants and contributions	2,605,739	2,842,985	3,146,627	3,930,593
Capital grants and contributions	173,218	1,972,423	1,079,263	1,163,612
Total governmental activities program revenues	13,696,785	17,158,695	14,612,461	15,476,741
Business-type activities:				
Water & sewer	16,728,932	19,083,625	19,659,036	20,989,462
Parking	2,028,753	2,075,657	2,215,151	2,516,001
Recreation	2,200,673	1,922,617	1,909,576	1,850,882
Farmers market	272,295	276,736	275,334	290,194
Charges for services	21,230,653	23,358,635	24,059,097	25,646,539
Operating grants and contributions	817,252	775,879	602,074	5,090
Capital grants and contributions	20,490	911,845	41,939	719,412
Total business-type activities program revenues	22,068,395	25,046,359	24,703,110	26,371,041
Total primary government program revenues	56,995,833	65,563,689	63,374,668	67,494,321
Net (Expense)/Revenue				
Governmental activities	(30,697,534)	(31,901,216)	(35,802,645)	(37,382,779)
Business-type activities	2,579,161	5,021,838	4,055,434	5,299,885
Total primary government net expense	(28,118,373)	(26,879,378)	(31,747,211)	(32,082,894)

Schedule 2
UNAUDITED

Fiscal Year Ended June 30					
2009	2010	2011	2012	2013	2014
$ 9,178,697	$ 10,658,475	$ 8,904,081	$ 9,235,905	$ 8,685,580	$ 8,823,978
25,340,432	27,808,076	27,846,183	26,655,378	27,661,032	29,807,897
12,008,559	11,323,281	11,568,038	11,501,518	11,471,347	11,870,834
720,452	1,045,227	1,578,078	1,228,451	1,206,154	1,235,631
1,382,073	1,855,557	1,829,671	1,914,032	1,384,747	1,381,937
4,101,371	3,988,900	4,012,061	3,497,548	3,465,650	3,612,171
720,676	697,975	674,965	616,539	536,155	445,709
53,452,260	57,377,491	56,413,077	54,649,371	54,410,665	57,178,157
17,426,976	19,727,621	22,677,293	22,473,658	22,905,058	22,560,736
2,665,056	3,105,564	3,176,310	3,081,880	3,117,172	2,968,028
1,866,341	1,788,792	1,676,691	2,159,028	2,229,831	2,195,258
344,946	350,918	365,470	380,262	383,635	426,141
22,303,319	24,972,895	27,895,764	28,094,828	28,635,696	28,150,163
75,755,579	82,350,386	84,308,841	82,744,199	83,046,361	85,328,320
5,032,372	4,985,949	4,450,270	5,045,872	5,607,879	5,723,862
1,981,677	2,376,002	2,492,540	2,753,964	3,534,643	4,151,795
496,673	458,669	519,279	490,576	1,176,769	942,340
959,100	934,114	959,793	955,698	1,054,639	1,053,817
249,152	226,376	281,061	381,889	427,787	516,728
1,644,549	1,559,571	2,131,507	2,155,539	1,921,743	2,001,488
-	-	-	-	-	-
10,363,523	10,540,681	10,834,450	11,783,538	13,723,460	14,390,030
3,186,231	3,576,342	3,859,876	4,673,144	4,596,773	4,852,240
873,030	626,971	455,132	277,644	81,630	299,977
14,422,784	14,743,994	15,149,458	16,734,326	18,401,863	19,542,247
20,039,667	21,429,384	25,940,143	27,426,573	26,532,412	25,349,015
2,570,487	2,659,002	2,985,064	3,444,725	3,348,553	3,492,617
1,747,139	1,779,515	1,764,707	2,053,167	2,326,020	2,189,652
295,731	309,329	350,632	372,646	393,081	477,974
24,653,024	26,177,230	31,040,546	33,297,111	32,600,066	31,509,258
6,870	617,778	617,198	501,299	747,570	634,047
2,753,092	70,713	-	-	150,919	-
27,412,986	26,865,721	31,657,744	33,798,410	33,498,555	32,143,305
66,488,794	41,609,715	77,847,748	83,829,847	84,500,484	83,194,810
(39,029,476)	(42,633,497)	(41,263,619)	(37,915,045)	(36,008,802)	(37,635,910)
5,109,667	1,892,826	3,761,980	5,703,582	4,862,859	3,993,142
(33,919,809)	(40,740,671)	(37,501,639)	(32,211,463)	(31,145,943)	(33,642,768)

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CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	$ 24,296,152	$ 25,266,467	$ 26,898,481	$ 27,578,249
State-shared revenues	9,675,450	9,562,574	9,350,955	9,251,499
Unrestricted investment earnings	553,041	1,471,827	1,938,968	2,068,262
Gain on sale of capital assets	38,195	32,618	30,958	-
Reimbursements	482,231	20,431	806,267	676,770
Miscellaneous	338,787	872,555	299,913	287,712
Transfers	2,044,358	1,306,707	1,287,709	689,516
Total governmental activities	37,428,214	38,533,179	40,613,251	40,552,008
Business-type activities:				
Unrestricted investment earnings	237,707	366,520	602,023	368,647
Gain on sale of capital assets	-	308,829	-	-
Miscellaneous	38,217	11,648	22,143	28,197
Transfers	(2,044,358)	(1,306,707)	(1,287,709)	(689,516)
Total business-type activities	(1,768,434)	(619,710)	(663,543)	(292,672)
Total primary government	35,659,780	37,913,469	39,949,708	40,259,336
Change in Net Position				
Governmental activities	6,730,680	6,631,963	4,810,606	3,169,229
Business-type activities	810,727	4,402,128	3,391,891	5,007,213
Total primary government	$ 7,541,407	$ 11,034,091	$ 8,202,497	$ 8,176,442

Schedule 2
UNAUDITED

Fiscal Year Ended June 30					
2009	2010	2011	2012	2013	2014
$ 27,744,049	$ 28,573,797	$ 26,152,857	$ 25,576,233	$ 34,016,290	$ 32,605,336
8,873,213	8,228,312	8,280,285	8,392,881	8,542,746	9,043,725
998,889	449,343	300,004	254,940	153,669	184,685
-	-	-	28,303	-	14,246
-	-	-	-	-	-
1,562,187	862,817	477,906	478,914	287,116	663,855
631,647	2,540,203	(795,582)	1,568,859	(117,698)	(360,071)
39,809,985	40,654,472	34,415,470	36,300,130	42,882,123	42,151,776
147,023	228,934	182,910	159,675	-	-
-	-	-	-	-	26,077
583,880	278,324	27,271	56,443	-	-
(631,647)	(2,540,203)	795,582	(1,568,859)	117,698	360,071
99,256	(2,032,945)	1,005,763	(1,352,741)	117,698	386,148
39,909,241	38,621,527	35,421,233	34,947,389	42,999,821	42,537,924
780,509	(1,979,025)	(6,848,149)	(1,614,915)	6,873,321	4,515,866
5,208,923	(140,119)	4,767,743	4,350,841	4,980,557	4,379,290
$ 5,989,432	$ (2,119,144)	$ (2,080,406)	$ 2,735,926	$ 11,853,878	$ 8,895,156

concluded.

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
General Fund				
Nonspendable	$ 121,270	$ 107,957	$ 106,943	$ 129,315
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	6,637,473	6,575,442	6,576,574	8,232,519
Total General Fund	6,758,743	6,683,399	6,683,517	8,361,834
All Other Governmental Funds				
Nonspendable	474,760	292,457	430,082	405,082
Restricted, reported in:				
Special revenue funds	12,160,318	13,044,833	14,652,413	15,105,248
Debt service funds	1,046,485	1,437,900	1,765,680	1,385,001
Capital projects funds	3,056,376	494,641	266,930	278,527
Permanent fund	28,353	3,318	3,896	21,158
Assigned	-	-	-	-
Total all other governmental funds	16,766,292	15,273,149	17,119,001	17,195,016
Total governmental funds	$ 23,525,035	$ 21,956,548	$ 23,802,518	$ 25,556,850

Schedule 3
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Fiscal Year Ended June 30					
2009	2010	2011	2012	2013	2014
$ 131,224	$ 164,319	$ -	$ -	$ 37,402	$ -
-	-	-	445,542	529,726	644,917
-	-	1,300,000	3,075,000	2,950,000	2,855,000
9,675,674	6,721,096	5,221,748	4,374,352	7,391,788	11,149,199
9,806,898	6,885,415	6,521,748	7,894,894	10,908,916	14,649,116
1,000	1,000	157,957	156,209	179,085	147,066
14,189,386	15,339,796	15,178,562	14,145,088	14,456,669	16,225,088
34,911	30,222	33,163	37,897	102,301	108,875
163,965	246,066	402,587	118,466	189,317	606,395
10,278	9,924	9,930	10,034	10,347	10,362
-	-	-	-	2,277,340	3,101,828
14,399,540	15,627,008	15,782,199	14,467,694	17,215,059	20,199,614
$ 24,206,438	$ 22,512,423	$ 22,303,947	$ 22,362,588	$ 28,123,975	$ 34,848,730

Financial Trends

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

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
Revenues				
Taxes	$ 24,308,407	$ 25,401,427	$ 26,843,146	$ 27,791,327
Licenses and permits	3,139,452	3,176,333	2,889,242	2,561,656
Federal grants	1,259,964	3,698,693	3,082,224	2,907,622
State grants	10,062,113	9,970,737	9,803,930	9,661,102
Charges for services	3,857,659	4,812,481	3,589,406	3,735,014
Fines and forfeitures	3,992,629	4,412,285	4,145,185	4,396,589
Interest and rentals	772,796	1,699,490	2,120,566	2,304,081
Contributions and donations	1,036,809	624,994	507,954	1,541,430
Other revenue	821,018	892,986	1,106,180	964,482
Total revenues	49,250,847	54,689,426	54,087,833	55,863,303
Expenditures				
General government	9,160,702	11,810,472	12,155,896	8,630,729
Public safety	18,045,357	19,978,522	20,426,500	24,646,113
Public works	15,693,263	19,420,647	15,152,352	13,086,601
Health and welfare	473,915	474,420	455,470	597,709
Community and economic development	1,349,101	1,766,681	1,569,772	2,307,383
Recreation and culture	2,954,605	3,232,077	3,284,964	3,986,566
Debt service:				
Principal payments	520,000	675,000	715,000	830,000
Interest and paying agent fees	692,014	817,317	772,931	776,549
Total expenditures	48,888,957	58,175,136	54,532,885	54,861,650
Revenue over (under) expenditures	361,890	(3,485,710)	(445,052)	1,001,653
Other Financing Sources (Uses)				
Issuance of long-term debt	3,700,000	5,680,000	825,000	-
Premium on issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	(5,581,777)	-	-
Transfers in	5,974,462	9,824,549	4,992,029	3,445,684
Transfers out	(5,525,801)	(8,073,240)	(3,556,965)	(2,693,004)
Sale of capital assets	38,195	67,691	30,958	-
Total other financing sources (uses)	4,186,856	1,917,223	2,291,022	752,680
Net change in fund balances	$ 4,548,746	$ (1,568,487)	$ 1,845,970	$ 1,754,333
Debt service as a percentage of noncapital expenditures	2.79%	3.10%	3.00%	3.10%

Fiscal Year Ended June 30					
2009	2010	2011	2012	2013	2014
$ 27,894,711	$ 28,247,608	$ 26,381,439	$ 25,741,884	$ 32,657,464	$ 33,040,104
2,455,968	2,926,558	2,691,023	3,468,967	4,231,944	4,838,254
1,787,930	1,830,199	2,001,554	3,117,674	2,536,488	2,216,600
9,261,154	8,676,226	8,703,584	8,774,561	9,021,184	9,492,853
3,806,309	3,688,251	4,281,063	4,168,570	5,303,604	4,973,544
4,175,074	3,929,759	4,129,803	4,010,892	4,057,370	4,425,958
1,320,563	675,657	498,883	499,497	525,311	557,892
1,811,555	1,736,650	1,255,738	1,486,024	1,338,658	2,077,707
1,562,187	862,817	477,906	478,914	408,205	884,467
54,075,451	52,573,725	50,420,993	51,746,983	60,080,228	62,507,379
9,004,224	8,925,132	8,331,615	8,807,176	7,999,871	8,195,123
25,414,070	26,624,516	24,534,124	23,449,671	24,773,584	26,703,494
14,057,676	13,873,005	12,460,296	13,506,755	13,547,204	14,049,998
712,703	688,640	765,013	708,524	769,483	805,658
1,405,210	1,864,821	1,843,800	1,901,247	1,426,415	1,413,899
3,912,795	3,670,704	3,549,926	3,223,250	3,262,250	3,602,859
865,000	910,000	945,000	985,000	1,020,000	1,095,000
710,111	689,500	666,865	609,981	520,597	437,427
56,081,789	57,246,318	53,096,639	53,191,604	53,319,404	56,303,458
(2,006,338)	(4,672,593)	(2,675,646)	(1,444,621)	6,760,824	6,203,921
-	-	-	-	4,965,000	1,127,000
-	-	-	-	292,966	-
-	-	-	-	(5,060,000)	-
6,058,933	9,250,201	7,427,440	5,898,961	20,175,143	21,563,760
(5,403,007)	(6,271,623)	(4,960,270)	(4,376,101)	(21,392,144)	(22,169,926)
-	-	-	-	-	-
655,926	2,978,578	2,467,170	1,522,860	(1,019,035)	520,834
$ (1,350,412)	$ (1,694,015)	$ (208,476)	$ 78,239	$ 5,741,789	$ 6,724,755
2.98%	3.01%	3.17%	3.18%	3.18%	2.90%

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
2004	2005	$ 1,527,187,417	$ 320,080,826	$ 51,323,010	$ -	$ 1,898,591,253
2005	2006	1,636,065,740	337,410,500	52,529,200	-	2,026,005,440
2006	2007	1,760,779,950	355,053,760	54,154,390	-	2,169,988,100
2007	2008	1,875,049,470	378,328,500	56,432,540	-	2,309,810,510
2008	2009	1,889,916,570	393,623,270	58,732,400	-	2,342,272,240
2009	2010	1,859,817,935	413,633,900	57,320,450	-	2,330,772,285
2010	2011	1,688,549,090	403,781,590	54,329,690	-	2,146,660,370
2011	2012	1,648,632,770	396,588,890	43,977,480	-	2,089,199,140
2012	2013	1,626,988,850	391,226,770	41,045,340	-	2,059,260,960
2013	2014	1,671,311,400	379,835,840	36,914,920	-	2,088,062,160

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
$ 139,785,294	$ 577,080	$140,362,374	$ 2,038,953,627	11.9556	$2,746,631,540	74.2%
131,155,090	265,640	131,420,730	2,157,426,170	11.7816	2,871,791,330	75.1%
130,043,660	3,177,250	133,220,910	2,303,209,010	11.6701	3,015,692,720	76.4%
124,894,290	4,931,860	129,826,150	2,439,636,660	11.4366	3,119,200,310	78.2%
113,121,190	4,893,960	118,015,150	2,460,287,390	11.4333	2,991,369,550	82.2%
111,014,890	4,908,820	115,923,710	2,446,695,995	11.6860	2,813,076,355	87.0%
116,007,990	5,712,590	121,720,580	2,268,380,950	11.7131	2,468,153,760	91.9%
119,051,890	14,124,730	133,176,620	2,222,375,760	11.7250	2,349,535,700	94.6%
137,095,330	9,577,040	146,672,370	2,205,933,330	11.7261	2,344,988,010	94.1%
135,277,840	9,507,670	144,785,510	2,232,847,670	11.6902	2,329,974,790	95.8%

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Property Tax Rates - Direct and Overlapping
Last Ten Fiscal Years

		Direct City Taxes - Millage Rates ($1 per 1,000) (1)							
		General Operating		Solid Waste Operating					
Tax Year	Fiscal Year	Charter	Publications	Refuse-State	Refuse-Voted	Library Operating	Public Safety Operating	Voted Debt	Total Direct Taxes
2004	2005	7.5769	0.0240	2.0662	0.9501	0.9834	n/a	0.3550	11.9556
2005	2006	7.4806	0.0227	2.0399	0.9380	0.9709	n/a	0.3295	11.7816
2006	2007	7.4207	0.0222	2.0235	0.9304	0.9631	n/a	0.3102	11.6701
2007	2008	7.3947	0.0214	2.0164	0.7500	0.9597	n/a	0.2944	11.4366
2008	2009	7.3947	0.0213	2.0164	0.7500	0.9597	n/a	0.2912	11.4333
2009	2010	7.3947	0.0216	2.0164	0.9965	0.9597	n/a	0.2971	11.6860
2010	2011	7.3947	0.0234	2.0164	0.9965	0.9597	n/a	0.3224	11.7131
2011	2012	7.3947	0.0239	2.0164	0.9965	0.9597	n/a	0.3338	11.7250
2012	2013	7.3947	0.0225	2.0164	0.9965	0.9597	3.475	0.3363	15.2011
2013	2014	7.3947	0.0223	2.0164	0.9965	0.9597	3.475	0.3006	15.1652

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	Fiscal	General Operating		Solid Waste Operating		Library	Voted
Year	Year	Charter	Publications	Refuse-State	Refuse-Voted	Operating	Debt
2011	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 (4)		
County Taxes (2)	Intermediate School District	Oakland Community College	State Education Tax (SET)	Before School Taxes	School P.R.E. (3)	School Non-P.R.E. (3)	Tax Rate for P.R.E.	Tax Rate for Non-P.R.E.	Downtown Development Authority (DDA) (5)
5.2438	3.3789	1.5889	6.0000	28.1672	7.5000	21.2061	35.6672	49.3733	1.7156
5.2411	3.3690	1.5844	6.0000	27.9761	6.0130	20.3161	33.9891	48.2922	1.6831
5.2361	3.3690	1.5844	6.0000	27.8596	7.7030	22.7100	35.5626	50.5696	1.6831
5.2361	3.3690	1.5844	6.0000	27.6261	7.6057	22.7100	35.2318	50.3361	1.6831
5.3361	3.3690	1.5844	6.0000	27.7228	7.4095	22.7100	35.1323	50.4328	1.6477
5.3361	3.3690	1.5844	6.0000	27.9755	7.3521	22.7100	35.3276	50.6855	1.6477
5.3361	3.3690	1.5844	6.0000	28.0026	7.7312	22.7100	35.7338	50.7126	1.6477
5.3361	3.3690	1.5844	6.0000	28.0145	7.7312	22.7100	35.7457	50.7245	1.6477
5.3361	3.3690	1.5844	6.0000	31.4906	7.7300	22.7100	39.2206	54.2006	1.6477
5.3361	3.3690	1.5844	6.0000	31.4547	7.7300	22.7500	39.1847	54.2047	1.6477

CITY OF ROYAL OAK, MICHIGAN

Schedule 7
UNAUDITED

Revenue Capacity Information

Principal Property Taxpayers
Current Year and Nine Years Ago

	Assessment Year					
	2005			2014		
Taxpayer	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	$ 24,556,230	1	1.14%	$ 23,107,090	1	1.03%
Consumer's Energy	9,034,100	7	0.42%	18,603,170	2	0.83%
Beaumont Hospital	14,580,520	3	0.68%	17,191,430	3	0.77%
HHI FormTech Industries				15,177,340	4	0.68%
Amber Equities, LLC	10,914,600	5	0.51%	14,197,090	5	0.64%
Flex-N-Gate	13,474,990	4	0.62%	13,224,770	6	0.59%
MacLean-Fogg				7,117,390	7	0.32%
Meijer, Inc.				6,817,740	8	0.31%
New Par/Verizon				6,696,530	9	0.30%
Sears/Kmart				6,488,280	10	0.29%
Metaldyne	24,101,110	2	1.12%			
Co-op Services	9,257,560	6	0.43%			
Veltri Metal						
National City Bank	7,910,400	8	0.37%			
Meijer, Inc.	7,611,230	9	0.35%			
Home Properties	5,447,750	10	0.25%			
Total taxable value of ten largest taxpayers	126,888,490		5.88%	128,620,830		5.76%
Total taxable value of all other taxpayers	2,030,272,040		94.12%	2,104,226,840		94.24%
Total taxable value of all taxpayers	$ 2,157,160,530		100.00%	$ 2,232,847,670		100.00%

Source: City Assessor

CITY OF ROYAL OAK, MICHIGAN

Schedule 8
UNAUDITED

Revenue Capacity Information

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount (1)	Collected within the Fiscal Year of the Levy: Percent of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy
2004	2005	$ 28,929,702	$ 27,362,635	94.58%	$ 1,392,526	$ 28,755,161	99.39%
2005	2006	30,379,835	28,584,387	94.09%	1,691,315	30,275,702	99.65%
2006	2007	32,671,722	30,418,793	93.10%	2,025,141	32,443,196	99.30%
2007	2008	27,941,762	27,684,282	99.07%	23,752	27,708,034	99.16%
2008	2009	27,871,925	27,828,147	99.84%	3,855	27,832,002	99.85%
2009	2010	28,304,183	28,177,662	99.55%	105,667	28,283,329	99.92%
2010	2011	26,338,079	26,314,425	99.91%	23,302	26,337,727	99.99%
2011	2012	25,685,056	25,656,002	99.88%	13,746	25,669,748	99.94%
2012	2013	32,676,999	32,629,339	99.85%	25,795	32,655,134	99.93%
2013	2014	34,509,624	34,431,897	99.77%	5,263	34,437,160	99.79%

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

Source: City Treasurer's records.

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information
Ratios of Outstanding Debt
Last Ten Fiscal Years

	2005	2006	2007	2008
Governmental Activities				
General obligation bonds	$ 18,170,000	$ 17,700,000	$ 17,810,000	$ 19,625,000
Business-type Activities				
General obligation bonds	23,327,387	23,757,387	22,437,387	21,047,387
Loans and contractual obligations	32,744,671	32,447,026	31,164,996	29,946,268
Total	56,072,058	56,204,413	53,602,383	50,993,655
Component Unit Activities				
General obligation bonds	625,000	525,000	425,000	300,000
Total debt of the City	$ 74,867,058	$ 74,429,413	$ 71,837,383	$ 70,918,655
Total taxable value	$ 2,038,953,627	$ 2,157,426,170	$ 2,303,209,010	$ 2,439,636,660
Ratio of total debt to taxable value	3.67%	3.45%	3.12%	2.91%
Total population	58,279	57,984	55,777	54,903
Total debt per capita	$1,285	$1,284	$1,288	$1,292

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

Source: City Finance Department

2009	2010	2011	2012	2013	2014
$ 19,850,000	$ 18,610,000	$ 17,335,000	$ 16,005,000	$ 14,670,478	$ 14,302,563
30,132,387	28,317,387	26,437,387	24,957,387	23,147,426	21,597,831
30,149,462	29,280,006	27,504,922	25,650,523	23,739,452	21,778,969
60,281,849	57,597,393	53,942,309	50,607,910	46,886,878	43,376,800
150,000	-	-	-	-	-
$ 80,281,849	$ 76,207,393	$ 71,277,309	$ 66,612,910	$ 61,557,356	$ 57,679,363
$ 2,460,287,390	$ 2,446,695,995	$ 2,268,380,950	$ 2,222,375,760	$ 2,205,933,330	$ 2,232,847,670
3.26%	3.11%	3.14%	3.00%	2.79%	2.58%
54,365	56,133	57,281	54,903	59,478	59,485
$1,477	$1,358	$1,244	$1,213	$1,035	$970

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

	Governmental Activities			Business-type Activities	
Fiscal Year	Limited tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Limited tax General Obligation Bonds (LTGO)	Net General Bonded Debt
2005	$ 9,615,000	$ 8,085,000	$ 1,046,485	$ 23,327,387	$ 25,903,872
2006	10,050,000	7,760,000	1,437,900	23,757,387	27,485,287
2007	12,205,000	7,420,000	1,765,680	22,437,387	28,988,067
2008	12,785,000	7,065,000	1,385,001	21,047,387	28,152,388
2009	11,910,000	6,700,000	34,911	30,132,387	35,377,298
2010	11,020,000	6,315,000	30,222	28,317,387	33,052,609
2011	10,090,000	5,915,000	33,163	26,437,387	30,645,550
2012	9,175,478	5,495,000	37,897	24,957,387	28,675,762
2013	9,705,478	4,965,000	176,120	23,147,426	28,064,024
2014	9,827,563	4,475,000	108,875	21,597,831	27,059,269

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

Schedule 10
UNAUDITED

Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
$ 2,038,953,627	1.27%	58,279	$ 444
2,157,426,170	1.27%	57,984	474
2,303,209,010	1.26%	55,777	520
2,439,636,660	1.15%	54,903	513
2,460,287,390	1.44%	54,365	651
2,446,695,995	1.35%	56,133	589
2,268,380,950	1.35%	57,281	535
2,222,375,760	1.29%	57,364	500
2,205,933,330	1.27%	59,478	472
2,232,847,670	1.21%	59,485	455

Royal Oak
Life Now Playing

CITY OF ROYAL OAK, MICHIGAN

Schedule 11
UNAUDITED

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
June 30, 2014

Government Unit	Gross	Self-Supporting	Net	Net Debt Capita	Net Debt % of Taxable Value
Direct Debt - City of Royal Oak	$ 57,679,363	$ 33,001,356	$ 24,678,007	$415	1.11%

Overlapping Debt:	Gross (1)	City share as % of Gross (1)	Net City Share		
Royal Oak School District	$ 9,055,000	96.95%	$ 8,778,823		
Berkley School District	15,265,000	1.88%	286,982		
Clawson School District	32,435,000	0.92%	298,402		
Oakland County at large	446,858,171	4.53%	20,242,675		
Oakland Intermediate School District	55,625,000	4.55%	2,530,938		
Oakland County Community College	3,075,000	4.56%	140,220		
Total Overlapping Debt	562,313,171		32,278,040	542.62	1.46%
Total Direct and Overlapping Debt	$ 619,992,534		$ 56,956,047	$957	2.57%

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

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

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Computation of Legal Debt Margin

Last Ten Fiscal Years

As of June 30	2005	2006	2007	2008
Valuation base				
State equalized valuation - excluding IFT values	$ 2,746,054,460	$ 2,871,525,690	$ 3,012,515,470	$ 3,114,268,450
Plus: equivalent valuation of Act 198 exemptions	577,080	265,640	3,177,250	4,931,860
Total valuation	$ 2,746,631,540	$ 2,871,791,330	$ 3,015,692,720	$ 3,119,200,310
Legal debt limitation - 5% of total valuation	$ 137,331,577	$ 143,589,567	$ 150,784,636	$ 155,960,016
Calculation of debt subject to limit:				
Debt outstanding	74,867,058	75,282,703	71,837,383	70,918,655
Less: bonds not subject to limit	(42,864,058)	(46,219,294)	(44,273,335)	(43,878,655)
Net debt subject to limit	32,003,000	29,063,409	27,564,048	27,040,000
Additional debt which can be legally incurred	$ 105,328,577	$ 114,526,158	$ 123,220,588	$ 128,920,016
Non-exempt debt as a percent of debt limit	23.30%	20.24%	18.28%	17.34%

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.

Schedule 12
UNAUDITED

2009	2010	2011	2012	2013	2014
$ 2,986,475,590	$ 2,808,167,535	$ 2,462,441,170	$ 2,349,535,700	$ 2,335,410,970	$ 2,320,467,120
4,893,960	4,908,820	5,712,590	14,124,730	9,577,040	9,507,670
$ 2,991,369,550	$ 2,813,076,355	$ 2,468,153,760	$ 2,363,660,430	$ 2,344,988,010	$ 2,329,974,790
$ 149,568,478	$ 140,653,818	$ 123,407,688	$ 118,183,022	$ 117,249,401	$ 116,498,740
76,207,393	71,277,309	66,612,910	66,612,910	61,696,839	57,679,363
(46,396,849)	(44,452,393)	(26,437,387)	(38,897,910)	(35,986,839)	(33,001,356)
29,810,544	26,824,916	40,175,523	27,715,000	25,710,000	24,678,007
$ 119,757,934	$ 113,828,902	$ 83,232,165	$ 90,468,022	$ 91,539,401	$ 91,820,733
19.93%	19.07%	32.56%	23.45%	21.93%	21.18%

Royal Oak
Life Now Playing

Debt Capacity Information

Pledged Revenue Coverage
Last Ten Fiscal Years

	Water Revenue Bonds						
	Water & Sewer Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			
Fiscal Year				Principal	Interest	Total	Coverage
2005	$ 16,777,421	$ 14,082,981	$ 2,694,440	$ 1,964,171	$ 196,159	$ 2,160,330	125%
2006	19,115,763	14,109,712	5,006,051	2,163,984	204,050	2,368,034	211%
2007	19,714,401	14,563,795	5,150,606	1,972,419	379,445	2,351,864	219%
2008	21,114,411	14,800,538	6,313,873	1,914,068	360,767	2,274,835	278%
2009	20,683,908	14,911,446	5,772,462	2,443,181	414,129	2,857,310	202%
2010	21,751,452	16,101,596	5,649,856	2,681,982	1,246,379	3,928,361	144%
2011	25,940,143	18,970,691	6,969,452	2,758,597	1,228,393	3,986,990	175%
2012	27,426,573	19,275,416	8,151,157	2,829,400	1,151,522	3,980,922	205%
2013	26,532,412	19,739,321	6,793,091	2,911,071	1,063,927	3,974,998	171%
2014	25,349,015	19,365,128	5,983,887	2,985,482	988,274	3,973,756	151%

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

Source: City Finance Department

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)
2005	28,722	58,279	$ 51,078	$2,976,775	36.2	5,726
2006	28,760	57,984	52,310	3,033,143	39.3	5,496
2007	28,889	55,777	53,429	2,980,109	39.5	5,301
2008	28,674	54,903	54,900	3,014,175	39.9	5,270
2009	28,601	54,365	50,334	2,736,408	40.1	5,489
2010	27,639	56,133	49,917	2,801,991	40.6	5,528
2011	28,169	57,281	49,917	2,859,296	39.1	5,470
2012	28,216	57,364	49,917	2,863,439	40.5	5,172
2013	29,342	59,478	53,297	3,169,999	37.8	5,163
2014	29,399	59,485	55,761	3,316,943	37.8	5,171

Source:
(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.

Schedule 14
UNAUDITED

Royal Oak (5)		Michigan (5)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
36,009	3.5%	5,063	6.8%
35,684	3.5%	5,071	6.9%
35,342	3.8%	5,038	7.1%
34,503	4.4%	4,976	8.3%
33,082	8.2%	4,889	13.6%
33,222	8.4%	4,852	13.8%
32,861	6.7%	4,749	11.1%
33,122	6.7%	4,701	11.0%
34,121	5.3%	4,760	8.7%
33,955	5.0%	4,812	7.9%

CITY OF ROYAL OAK, MICHIGAN

Schedule 15
UNAUDITED

Demographic and Economic Information

Principal Employers
Current Year and Nine Years Ago

		2005			2014		
Company Name	Product/Service	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	10,452	1	29.03%	10,386	1	30.44%
City of Royal Oak	Municipality	500	3	1.39%	442	2	1.30%
Royal Oak School District	Education	895	2	2.49%	437	3	1.28%
Oakland Community College	Education				407	4	1.19%
Flex-N-Gate Royal Oak	Automotive supplier				380	5	1.11%
Detroit Zoological Society	Zoo				350	6	1.03%
Meijer, Inc.	Retailer/grocery store	450	4	1.25%	327	7	0.96%
Consumers Energy	Utility	200	8	0.56%	315	8	0.92%
Holiday Market	Grocery store				275	9	0.81%
HHI - Form Tech Industries LLC	Automotive Supplier				250	10	0.73%
National City Bank	Financial Services	403	5	1.12%			-
Metaldyne	Automotive supplier	290	6	0.81%			-
Hawthorne Metal Products	Automotive supplier	280	7	0.78%			-
SBC Ameritech	Utility	200	9	0.56%			-
Detroit Edison	Utility	95	10	0.26%			-
Total		13,765		38.23%	13,569		39.77%

Sources: Royal Oak Finance Department

Operating Information

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	32	31	29	29	27	20	20	26	24
Other police vehicles	23	21	15	16	16	13	15	15	15	25
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	4	4
Public Parking										
Spaces	3,557	3,445	3,445	3,424	3,678	3,678	3,678	3,678	3,678	3,730
Decks	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532	1,532
Lots	923	778	821	1,092	1,244	1,380	1,380	1,380	1,380	1,380
Streets	675	757	757	750	766	766	766	766	766	818
Meters	1,739	1,676	1,717	1,950	2,010	2,151	2,151	2,210	2,210	2,203
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	50	50	50	50	50	50	50	50	50	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	32/ 1 pickle	32/1 pickle
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	139,309	132,186	139,843	153,499	175,713	185,301	177,803	181,523	181,474	186,223
Public computers	23	36	36	36	36	36	47	44	44	38
Roads and Sidewalks										
Miles of major streets	*	*	64.40	64.40	64.40	64.40	64.40	64.40	63.96	63.96
Miles of local streets	*	*	148.27	148.27	148.27	148.27	148.27	148.27	148.24	148.41
Miles of sidewalk	*	*	420	420	420	420	420.5	420.6	421.3	422
Utilities										
Water										
Miles of water main	215	215	215	215	215.50	215.50	217.00	217	217.60	218
Miles of sewer	357	357	357	357	357.70	357.70	358.50	359	358.65	359
Number of hydrants	2057	2062	2064	2064	2070	2070	2111	2,115	2127	2,138
Forestry										
Number of trees in rights-of-way	*	*	21,138	23,121	23,121	23,121	20,781	22,048	20,541	20,262

Source: City Departments

Note: * Information not available

CITY OF ROYAL OAK, MICHIGAN

Operating Information

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

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

Source: City Departments
Note: * Information not available

2008	2009	2010	2011	2012	2013	2014
47,881	47,374	48,167	48,167	49,034	49,080	49,124
3	1	1	1	3	1	2
35,357	8,553	7,456	7,456	34,607	12,555	*
73.8%	17.7%	15.5%	15.5%	70.6%	25.6%	*
5,975	8,404	5,053	5,070	5,983	5,072	*
2,046	2,017	1,870	1,823	1,693	1,767	*
7,768	7,928	8,081	7,607	7,341	7,121	7,811
9,926	8,190	9,574	7,947	7,012	5,451	7,534
24,626	20,692	18,797	13,906	13,836	12,835	14,495
4,376	3,354	4,743	4,503	1,968	3,913	3,141
3,138	3,288	3,358	3,024	2,879	2,945	2,561
91,226	77,403	87,650	98,003	97,425	93,388	95,643
27,867	27,754	27,632	27,608	27,641	27,641	27,693
3,344	1,254	1,194	4,479	4,061	4,284	9,561
1,289	564	1,636	1,741	1,601	1,779	2,030
$53,075	$6,859	$34,772	$30,539	$33,116	$70,480	$81,609
32,140	31,602	31,111	29,887	37,297	40,744	*
3,616	3,242	2,949	2,963	2,601	2,305	*
2,590	2,478	2,199	1,948	1,179	1,271	*
20,934	17,212	15,221	13,659	13,035	12,317	*
79,776	86,322	88,830	97,391	93,661	96,385	*
1,869	1,532	1,625	1,806	1,824	2,020	2,158
3,951	3,828	3,537	3,711	3,898	3,993	3,789
271	291	513	435	515	448	464
329	548	332	333	822	1,007	901
61	49	78	202	107	154	290
83	64	66	61	61	63	57
300	287	293	242	254	266	225
380	379	391	408	438	440	420

continued...

CITY OF ROYAL OAK, MICHIGAN

Operating Information

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

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

Source: City Departments
Note: * Information not available

2008	2009	2010	2011	2012	2013	2014
4,415	4,860	4,620	4,064	3,677	3,648	3,667
25,771	28,166	30,700	31,762	32,262	32,367	30,855
360,333	405,067	423,356	455,847	451,097	405,101	393,843
481,986	618,279	653,482	651,552	572,957	519,595	341,951
97,482	77,910	65,858	64,075	74,560	66,234	55,699
435	549	532	510	704	521	483
13,180	15,862	14,664	16,172	16,323	15,441	14,093
7,496	7,820	7,459	7,511	*	7,888	7,932
15,756	16,208	16,548	16,560	16,600	16,688	16,320
17,230	16,136	14,224	10,275	9,536	9,127	8,432
27,140	26,017	24,354	17,970	17,340	16,240	16,187
3,794	3,879	4,019	4,147	4,176	4,214	3,994
93,275	95,832	96,549	90,641	95,742	87,787	84,614
42,168	34,010	34,496	28,208	24,052	13,429	11,378
18,120	18,690	16,755	15,249	14,101	12,611	12,571
24,000	24,000	19,675	24,000	24,000	24,000	24,000
2,045	2,542	2,617	3,164	3,839	2,090	2,073
2.11	3.00	3.38	2.60	2.52	2.33	1
22,364	31,000	43,465	29,583	242,330	299,618	365,765
9,973	1,000	2,069	1,100	1,989	19,363	23,533
28,690	24,939	23,587	23,226	22,780	22,145	20,717
10,829	10,432	10,337	9,943	7,770	7,730	11,143
3,415	3,654	3,754	3,940	3,908	4,690	3,655
5,125	3,643	3,256	10,340	3,677	3,330	3,550
8,373	9,765	6,048	8,270	5,323	10,160	10,127
1,160	2,333	2,527	499	892	840	-
1,625	1,967	0	0	0	0	60
2,155	989	0	0	801	801	3,265
23,873	23,894	23,892	23,907	23,912	23,929	23,264
293,807,500	278,193,100	260,659,900	266,638,900	275,758,400	262,629,400	250,522,400
288,715,060	261,780,300	247,389,000	264,545,100	248,509,201	246,613,100	233,014,700
293,592,500	277,958,800	264,178,600	266,435,300	275,555,200	262,378,200	232,943,600

concluded.

CITY OF ROYAL OAK, MICHIGAN

Schedule 18
UNAUDITED

Operating Information

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

	Fiscal Year Ending June 30,									
Function/Program	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
44th District Court/Probation	23	22	22	22	22	22	20	20	20	20
Administrative Services										
Manager	2	2	2	2	2	2	2	2	3	3
Attorney	4	5	4	5	4	4	3	3	3	4
City Clerk	7	4	4	4	4	5	4	4	4	5
Human Resources	4	4	4	4	4	4	2	2	2	2
Building	12	11	11	11	11	8	5	5	5	6
Code Enforcement	7	6	5	5	4	6	4	2	2	5
Engineering	9	11	10	10	10	10	7	9	7	7
Planning	5	6	5	5	5	4	4	4	3	4
Block Grant	3	3	3	3	2	1	1	1	1	1
Housing	2	2	2	2	1	2	1	1	-	-
Finance Group	6	6	6	6	6	6	6	5	5	5
Assessing	5	5	4	4	4	4	4	3	3	3
Purchasing	1	1	1	1	1	-	-	-	-	-
Treasurer	5	5	5	5	5	4	4	4	4	3
Water Billing	2	2	2	2	1	1	1	1	1	1
Information Systems	6	6	6	6	4	4	4	4	4	4
Subtotal	79	79	74	75	68	65	51	49	46	52
Library	15	12	14	13	13	12	12	11	10	10
Public Safety										
Police	117	107	106	107	103	98	82	77	81	96
Fire	68	70	65	63	63	62	56	56	56	56
Subtotal	185	177	171	170	166	160	138	133	137	152
Recreation & Public Services										
Public Service										
Parks & Forestry	14	13	8	8	8	8	2	8	7	7
CH Building Maintenance	2	2	2	2	2	2	2	2	2	2
Highway	20	14	16	16	14	14	-	-	-	-
Motor Pool	12	12	12	12	11	11	10	9	9	9
Electrical	2	2	2	1	1	1	1	-	-	-
Solid Waste	1	1	1	1	1	2	15	13	14	14
Water Maintenance	9	8	9	9	9	8	12	8	7	7
Water Meter Services	6	6	6	6	6	6	5	5	4	4
Sewer Maintenance	10	9	9	9	9	8	9	8	7	7
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	4	3	2	2	2	2	2	2	2	2
Ice Arena	1	1	1	1	1	1	1	-	-	-
Senior Services	2	2	2	2	2	2	2	1	1	1
Subtotal	86	76	73	72	69	68	64	59	56	56
Total	388	366	354	352	338	327	285	272	269.0	290.0

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

Source: City Finance Department