

Royal Oak Police Station

# **City of Royal Oak Michigan**

## **Annual Comprehensive Financial Report**

**Fiscal Year Ended  
June 30, 2022**



City of  
Royal Oak,  
Michigan



Year Ended  
June 30, 2022

Annual  
Comprehensive  
Financial Report

**City Commission**

*Mayor*

Michael Fournier

*Mayor Pro Tem*

Melanie Macey

*Commissioners*

Sharlan Douglas

Kyle DuBuc

Monica Hunt

Brandon Kolo

Patricia Paruch

**Administration**

*City Manager*

Paul J. Brake

*Director of Finance*

Debra Peck Lichtenberg

*Assistant Finance Director/Controller*

Anthony DeCamp

**Prepared by the Finance Department**



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## **INTRODUCTORY SECTION**





**Finance Department**  
203 South Troy Street  
Royal Oak, MI 48067

December 5, 2022

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 Annual Comprehensive Financial Report (ACFR) of the City of Royal Oak, Michigan for the fiscal year ended June 30, 2022. 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. With the resources provided, city management has established a balanced internal control framework that is designed both to protect the government's assets from theft, misuse, and loss and to accumulate sufficient reliable information for the preparation of the city's financial statements in compliance with GAAP (Generally Accepted Accounting Principles). Due to the understanding that the cost of internal controls should not outweigh the benefit, the city's internal control methods have been designed to provide reasonable assurance that the financial statements are free from material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the City of Royal Oak.

The financial statements and supplemental schedules contained in the financial section herein have been independently audited by Rehmann Robson, LLC. The city has received an unmodified opinion for the June 30, 2022 fiscal year's statements. An unmodified opinion is the most favorable opinion that can be issued. The auditors' opinion does not encompass information in the introductory or the statistical sections of this report. The independent auditors' report is located prior to the MD&A (Management Discussion & Analysis) letter.

*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.

## **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. Since the 1990's, the city has experienced resurgence as a regional entertainment destination, dynamic place to live and meeting grounds for creative minds. Today, it is estimated that Royal Oak is home to approximately 59,000 residents.

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

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

Royal Oak is host to many annual community art fairs and special events including weekly summer concerts and the Woodward Dream Cruise (the world's largest one day car event). Annually, the city hosts the annual Arts, Beats & Eats festival during Labor Day weekend, attracting hundreds of thousands of visitors. In mid-February 2022, the city hosted the Winter Blast event for the first time, featuring winter activities, live entertainment, and local restaurants. Winter Blast is expected to become an annual tradition.

The city's recreational services include 51 public neighborhood parks, 30 baseball fields, a public ice arena, a public golf course, a mini-course and driving range, 28 tennis courts, 10 pickleball courts and an indoor soccer facility. The senior / community center provides recreational and outreach services to senior citizens and programs and classes for adults and children alike.

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

## **Government**

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

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

## **Local Economy and Demographics**

The City of Royal Oak is a mature and mostly developed community experiencing redevelopment. New development is very strong this decade emphasizing in-fill and redevelopment of business buildings and houses. The number of building permits issued in the past few years has fluctuated considerably due to the impact of the COVID-19 pandemic. The number of permits issued in fiscal year 2021-22 appears to have now stabilized back to pre-pandemic levels.

The city's commercial property taxable value as a percentage of the total increased slightly this year. For fiscal year 2021-22, the city's assessed taxable value consists of 76.59 percent residential property value, 17.49 percent commercial property, 1.37 percent industrial property and 4.55 percent personal property. The industrial, commercial and residential values have vacant values included in the percentages. All of these property categories experienced growth in taxable value, in dollars, year over year.

In 2022, Royal Oak has continued to be one of Southeast Michigan's most desired cities for new commercial investments, despite an uncertain economy that is still struggling with the aftereffects of the COVID-19 pandemic.

Publicly traded real estate investment trust Agree Realty Corp. purchased an empty 50,000 square-foot furniture store on Woodward Avenue to be the site of its new headquarters. It joins architecture and planning firm HED, who is moving its Michigan office and 100 employees into downtown Royal Oak, and brokerage firm Colliers International, currently in the midst of a \$2 million renovation of an existing building that will bring more than 100 of its employees to the city from Southfield.

The year 2022 also saw many investments in the education sector. Baker College's \$27.6 million, 80,000 square foot campus in downtown Royal Oak finished construction and will be open for Winter Semester 2023. It will serve about 1,500 students and 50 staff. Oakland County Community College also celebrated a groundbreaking for its new \$74 million Culinary Studies Institute, which is part of a larger transformation of the OCC campus that will occur over the next decade at the gateway to the city's downtown.

As we enter the new year, Royal Oak's skyline will change once again. Construction on a new, 75,000 square-foot mixed use building is set to begin in Spring 2023 at the corner of 11 Mile and Main Street. It will bring 53 apartments, 10,000 square-feet of first floor retail space, and an additional 31,000 square-feet of Class A office space.

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. The city's flourishing, pedestrian-friendly downtown offers high rise loft living, clothing, restaurants and the arts to young and old. In recent years, the city has worked to incorporate sharrows (bike share lanes) on numerous major roads within the city.

Households in Royal Oak have an annual median income of approximately \$83,194, which is higher than the median annual income of the United States, the State of Michigan and Oakland County. Royal Oak's unemployment rate for June 2022 was 2.2 percent, which compares favorably to the State's unemployment rate of 4.8 percent for the same period.

## **Fiscal Highlights**

The city prepared a detailed budget with a four year projection to assist with the financial planning. The long-term financial planning that is included in Royal Oak's budget makes general financial estimations mostly by extrapolating the current year's budget. For each fund, a summary table shows beginning fund balance, estimated projected revenue, estimated projected expenditures, projected transfers, and projected ending fund balance for each of the immediate future four years. For accuracy purposes, the FY21-22 budget was prepared less conservative than in prior years in an effort to be more accurate and the concern of the fiscal impact of COVID 19 pandemic. The fiscal year ending 21-22 general fund fund balance decreased by \$5.75 million as opposed to \$8.08 million decrease of fund balance originally budgeted, mostly due to increased revenues from the CARES Act Grant, State Shared Revenues and lower expenditures due to vacancies. Court revenue and interest income were down significantly. The year ended with unassigned general fund fund balance of \$9.08 million or 20 percent of expenditures and transfers out; a planned decrease from 41 percent the prior year. Transfers out of the general fund consisted of \$21.5 million to the public safety fund to cover annual operating costs; \$2.2 million for the fourth year of Royal Oak Civic Center debt payments; \$465,052 for court building debt payments, \$500,000 to subsidize senior center operating costs; \$47,500 for new technology and other equipment, \$22,470 for the city's share of the indigent defense fund, \$22,000 for the commission for the arts and Memorial Day parade, \$42,000 to subsidize the animal shelter operations, and \$994,000 for the ongoing Royal Oak Civic Center construction project.

## **Long-term Financial Planning**

Not only did the city prepare a four year projection during the budget preparation process, for the twelfth consecutive 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 budget process. Information from the capital improvement plan is also included in the future years' projections' projections in the budget document. The CIP includes all of the requested capital projects and reports the potential sources of funding by project for the next six years totaling over \$156 million of city share of capital costs. Due in part to the CIP process, it was identified that the city needed to develop a new strategy to fund the six-year major and local street reconstruction demands resulting in a millage proposal and helps to coordinate water utility projects.

The city commission conducts strategic planning sessions each year prior to the administration's budget preparation. At the latest session, the city leaders identified seven major goals of the strategic framework. These strategic goals include: Welcoming, Engaged and Livable Community; Safe, Healthy and Just City; Environmental Leadership; Vibrant Local Economy; Efficient and Effective Services; Long-Term Fiscal Health; and Reliable Infrastructure. These goals are discussed in detail in the city's Strategic Plan 2022-2025 document available on the city website. The latest plans for implementing these goals are also described in more detail in the FY22-23 budget transmittal letter.

## **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 has recently discussed the general fund fund balance policy however to date there has not been an official change to the policy.

## **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. Seven years ago the city hired a purchasing agent position, which has helped to improve upon asset protection and vendor entry to the financial system for improved separation of duties. Four years ago the treasury department added a full-time accountant in an effort to improve upon separation of duties in response to years of auditors comments for improvement. The finance department recently changed a part-time payroll clerk position to a full-time accountant position to audit benefit administration to improve upon safeguarding city assets.

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.

### **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 budget is established by functional level in the general fund and by total fund for the special revenue funds. All of the funds' budgets are reviewed for budget to actual variances on a monthly basis.

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

### **Federal Grants**

The city expended approximately \$2,593,000 in federal grant funds, mostly related to COVID-19 State and Local Fiscal Recovery funds and the Community Development Block Grant. At June 30, 2022, the city also has received and holds an additional \$12,733,492 of COVID-19 State and Local Fiscal Recovery funds. Because these funds have not yet been expended, they are classified as unearned revenue at the end of the fiscal year.

### **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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and hope to receive the award for fiscal year ended June 30, 2022. We hope this comprehensive report assists its readers in understanding the city's financial status.

The preparation of this report was made possible with the dedicated assistance from Anthony DeCamp, the city's assistant finance director, and the balance of the finance department staff.

Respectfully submitted,

A handwritten signature in black ink that reads "Debra Peck Lichtenberg".

Debra Peck Lichtenberg, CPA  
Director of Finance

Approved,

A handwritten signature in black ink that reads "Paul J. Brake".

Paul J. Brake  
City Manager



Government Finance Officers Association

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

Presented to

**City of Royal Oak  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

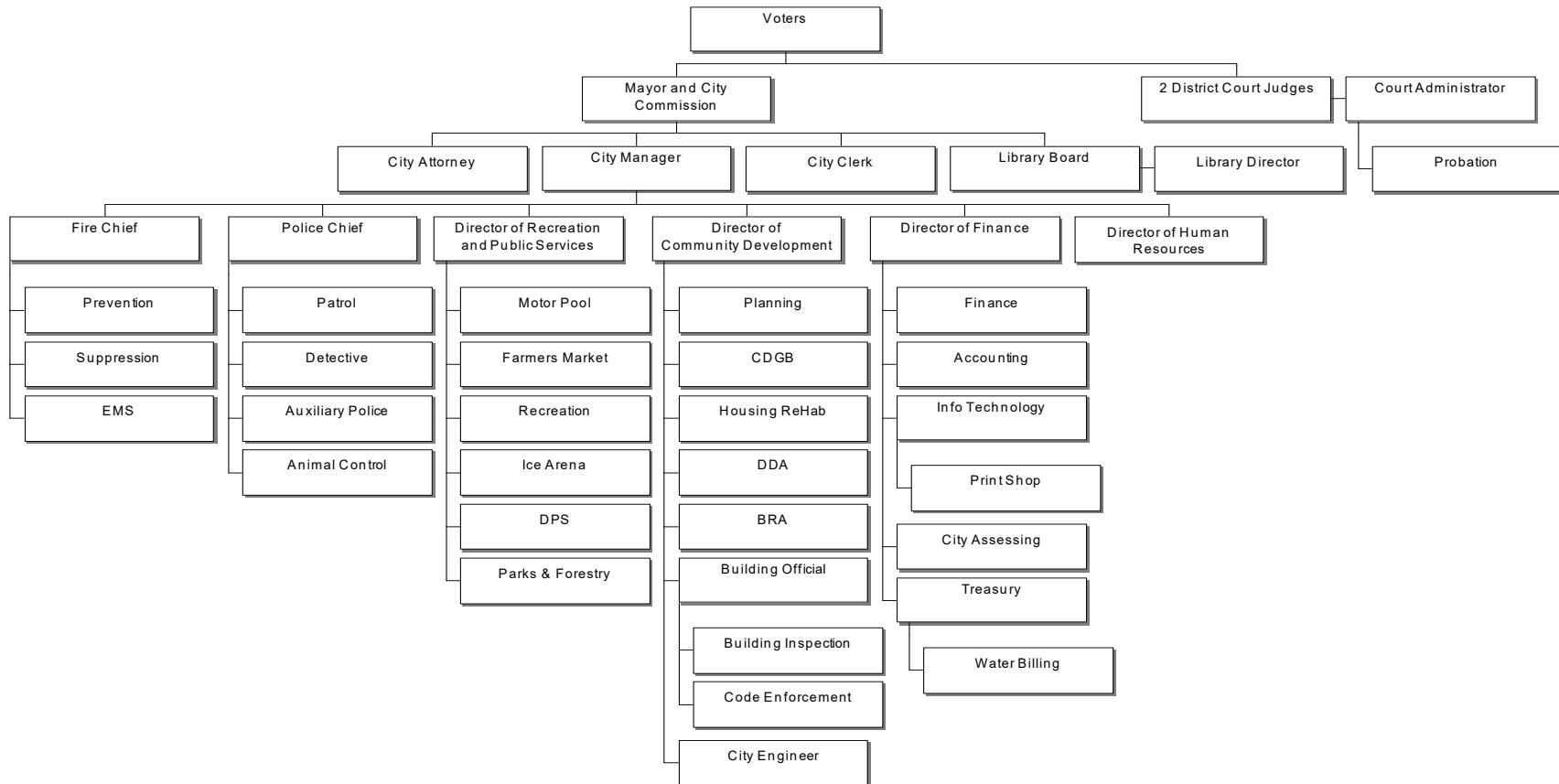
*Christopher P. Monill*

Executive Director/CEO

# CITY OF ROYAL OAK, MICHIGAN

## Organization Chart

As of June 30, 2022



# **CITY OF ROYAL OAK, MICHIGAN**

## **Principal Officials**

As of June 30, 2022

City Manager	Paul J. Brake
Finance Director	Debra Peck Lichtenberg
Assistant Finance Director	Anthony DeCamp
Building Official	Jason Craig
Chief of Police	Michael Moore
City Assessor	James Geiermann
City Attorney	Aaron Leal
City Clerk	Melanie Halas
City Engineer	Holly Donoghue
City Treasurer	Jaynmarie Hubanks
Court Administrator	Tami Bone
Community Development Director	Timothy Thwing
Deputy City Manager	Todd Fenton
Fire Chief	David Cummins
Human Resources Director	Dennis Van de Laar
Information Technology Manager	Mike Kirby
Library Director	Sandy Irwin
Recreation and Public Services Director	Aaron Filipski

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

December 5, 2022

Honorable Mayor and City Commission  
City of Royal Oak, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



📍 675 Robinson Road, Jackson, MI 49203

📞 517.787.6503

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 5, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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 Lohman LLC*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

As management of the City of Royal Oak, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ended June 30, 2022. 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

· Total net position	\$ 208,553,316
· Change in total net position	11,272,211
· Fund balances, governmental funds	45,983,012
· Change in fund balances, governmental funds	(9,650,806)
· Unassigned fund balance, general fund	9,082,144
· Change in fund balance, general fund	(5,751,005)
· Installment debt outstanding	173,435,588
· Change in installment debt	(13,389,181)

#### 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, liabilities, and deferred inflows of resources, with the difference 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.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

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 funds balance sheet and the governmental funds 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 numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and four other major funds: public safety, local streets, state construction code and grants. Data from the nonmajor 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 following the required supplementary information.

The city adopts an annual budget in accordance with the General Appropriation Act for its general fund and special revenue funds. Budgetary comparison statements or schedules 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 numerous 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 nonmajor 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 following the required supplementary information.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses internal service funds to account for its motor pool, information technology management, self-insured workers compensation, healthcare (BCBS) self-insurance and general liability/property self-insurance.

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

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

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

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

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

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

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the city, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$208,553,316, an increase of \$11,272,211, or 5.71 percent, at the close of the most recent fiscal year.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

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

An additional portion of the city's net position (17%) represents resources that are subject to external restrictions on how they may be used. The city's unrestricted net position deficit of \$156,668,880, an increase of \$4,419,828 over the previous year, occurred primarily due to the increased liability for both pension and healthcare retirement benefits from the lack of investment earning due to funding deficit in city's governmental-type activities, and the use of cash increasing net investment in capital assets in the automobile parking system fund and the water and sewer fund.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 99,859,740	\$ 115,803,710	\$ 18,902,050	\$ 20,917,861	\$ 118,761,790	\$ 136,721,571
Capital assets, net	255,790,595	241,049,337	149,423,345	150,162,374	405,213,940	391,211,711
<b>Total assets</b>	<b>355,650,335</b>	<b>356,853,047</b>	<b>168,325,395</b>	<b>171,080,235</b>	<b>523,975,730</b>	<b>527,933,282</b>
<b>Deferred outflows of resources</b>	<b>20,395,803</b>	<b>3,901,311</b>	<b>1,301,840</b>	<b>867,717</b>	<b>21,697,643</b>	<b>4,769,028</b>
Long-term debt outstanding	133,317,810	140,598,032	48,959,899	54,857,088	182,277,709	195,455,120
Other liabilities	145,033,792	99,743,482	6,446,622	4,644,288	151,480,414	104,387,770
<b>Total liabilities</b>	<b>278,351,602</b>	<b>240,341,514</b>	<b>55,406,521</b>	<b>59,501,376</b>	<b>333,758,123</b>	<b>299,842,890</b>
<b>Deferred inflows of resources</b>	<b>2,685,945</b>	<b>33,738,569</b>	<b>675,989</b>	<b>1,839,746</b>	<b>3,361,934</b>	<b>35,578,315</b>
<b>Net position:</b>						
Net investment in capital assets	217,042,279	201,877,607	112,941,252	109,245,957	329,983,531	311,123,564
Restricted	35,238,663	38,406,593	-	-	35,238,663	38,406,593
Unrestricted (deficit)	(157,272,351)	(153,609,925)	603,473	1,360,873	(156,668,878)	(152,249,052)
<b>Total net position</b>	<b>\$ 95,008,591</b>	<b>\$ 86,674,275</b>	<b>\$ 113,544,725</b>	<b>\$ 110,606,830</b>	<b>\$ 208,553,316</b>	<b>\$ 197,281,105</b>

The city's net position increased by \$11,272,211 during the current fiscal year as compared to a \$17,703,761 increase in the previous year. The difference between the two years is mostly attributed to the increase of program revenues (charges for services) in both governmental and business-type activities offset by higher governmental activities expenses (public safety, general government, and recreation and culture).

#### **Governmental Activities**

Governmental activities increased the city's net position by \$8,334,316 as compared to a \$15,208,991 increase in the previous year, a difference of \$6,874,675 between the two years. This lower increase in net position is primarily due to increased charges for services and property tax revenue, offset by higher public safety, general government and recreation and culture expenses.

#### **Business-type Activities**

Business-type activities increased the city's net position by \$2,937,895 as compared to a \$2,494,770 increase in the previous year, a difference of \$443,125. The increase in net position in comparison to last year is largely due to an increase in charges for services and decrease in parking system expenses.

## CITY OF ROYAL OAK, MICHIGAN

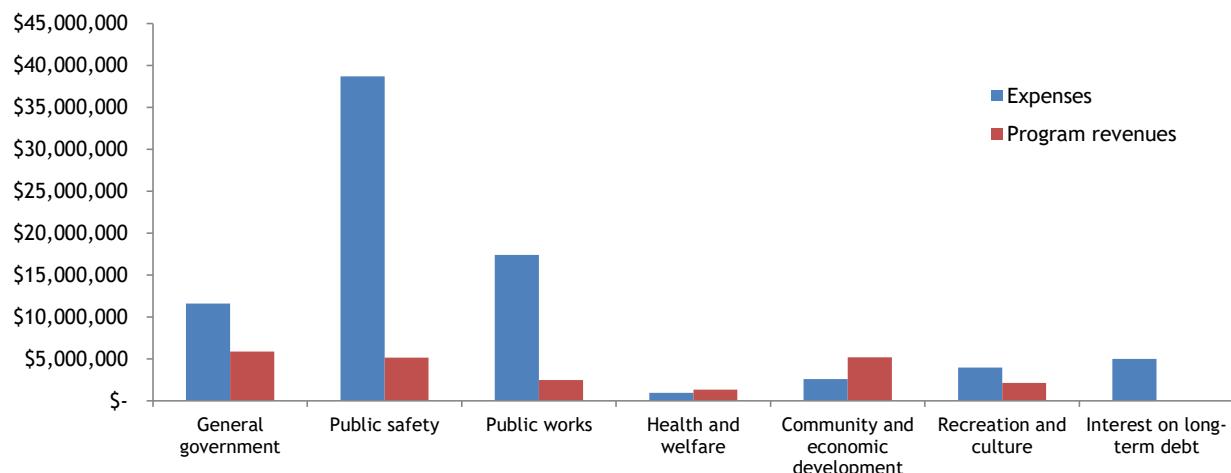
### Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Program revenues:</b>						
Charges for services	\$ 13,567,137	\$ 12,708,624	\$ 34,345,443	\$ 32,725,623	\$ 47,912,580	\$ 45,434,247
Operating grants	7,106,348	8,264,003	714,812	1,507,746	7,821,160	9,771,749
Capital grants	1,414,307	1,655,703	-	75,953	1,414,307	1,731,656
<b>General revenues:</b>						
Property taxes	50,566,421	48,844,891	2,437,221	2,809,547	53,003,642	51,654,438
State shared revenues	15,598,185	14,693,549	-	-	15,598,185	14,693,549
Other	178,902	281,163	-	-	178,902	281,163
<b>Total revenues</b>	<b>88,431,300</b>	<b>86,447,933</b>	<b>37,497,476</b>	<b>37,118,869</b>	<b>125,928,776</b>	<b>123,566,802</b>
<b>Expenses:</b>						
General government	11,582,239	9,635,182	-	-	11,582,239	9,635,182
Public safety	38,697,761	26,476,884	-	-	38,697,761	26,476,884
Public works	17,387,047	24,982,054	-	-	17,387,047	24,982,054
Health and welfare	939,960	865,423	-	-	939,960	865,423
Community and economic development	2,589,823	2,045,845	-	-	2,589,823	2,045,845
Recreation and culture	3,979,382	1,956,003	-	-	3,979,382	1,956,003
Interest on long-term debt	4,976,602	5,169,439	-	-	4,976,602	5,169,439
Water and sewer	-	-	27,514,146	26,979,449	27,514,146	26,979,449
Parking	-	-	4,259,864	5,077,742	4,259,864	5,077,742
Recreation	-	-	2,156,647	2,182,520	2,156,647	2,182,520
Farmers market	-	-	573,094	492,500	573,094	492,500
<b>Total expenses</b>	<b>80,152,814</b>	<b>71,130,830</b>	<b>34,503,751</b>	<b>34,732,211</b>	<b>114,656,565</b>	<b>105,863,041</b>
<b>Change in net position, before transfers</b>						
	8,278,486	15,317,103	2,993,725	2,386,658	11,272,211	17,703,761
Transfers	55,830	(108,112)	(55,830)	108,112	-	-
<b>Change in net position</b>	<b>8,334,316</b>	<b>15,208,991</b>	<b>2,937,895</b>	<b>2,494,770</b>	<b>11,272,211</b>	<b>17,703,761</b>
<b>Net position:</b>						
Beginning of year	86,674,275	71,465,284	110,606,830	108,112,060	197,281,105	179,577,344
<b>End of year</b>	<b>\$ 95,008,591</b>	<b>\$ 86,674,275</b>	<b>\$ 113,544,725</b>	<b>\$ 110,606,830</b>	<b>\$ 208,553,316</b>	<b>\$ 197,281,105</b>

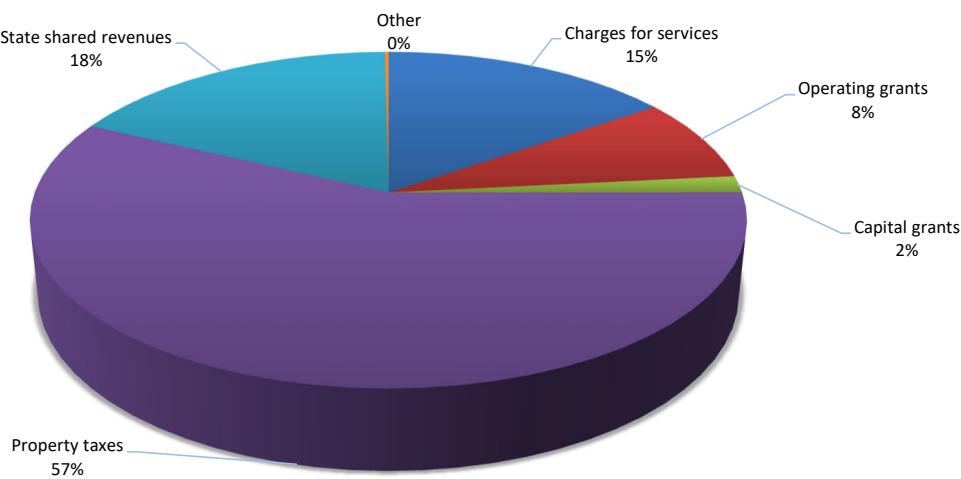
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Expenses and Program Revenues - Governmental Activities



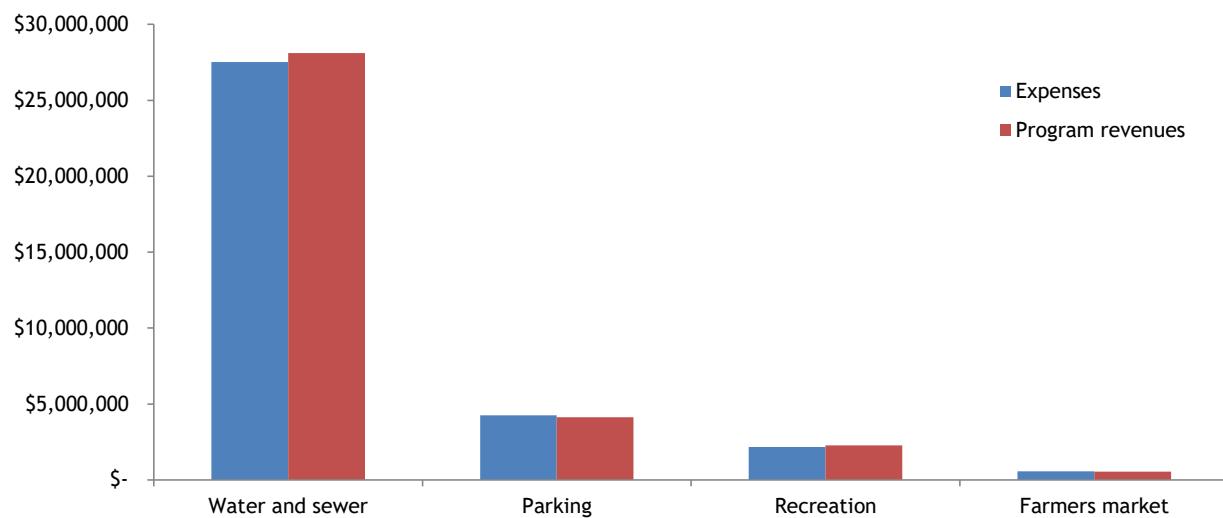
#### Revenues by Source - Governmental Activities



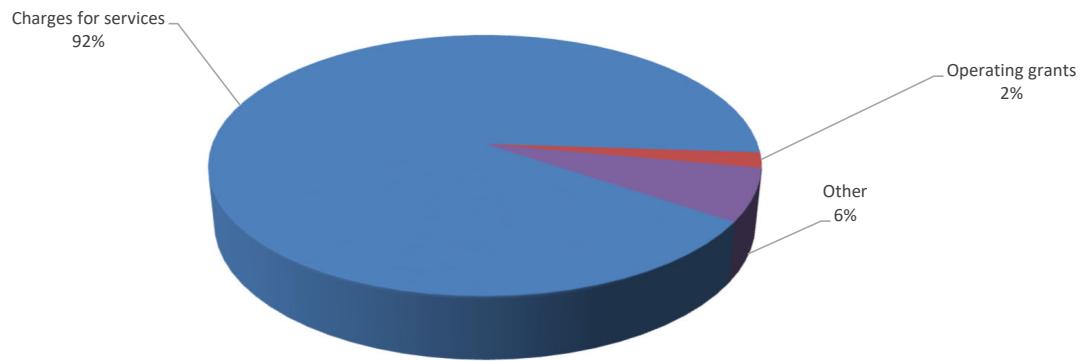
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Expenses and Program Revenues - Business-type Activities



#### Revenues by Source - Business-type Activities



#### Financial Analysis of the City's Funds

As the city completed the fiscal year, its governmental funds reported combined ending fund balances of \$45,983,012. Of this amount, \$34,296,833 is legally restricted, committed and/or unavailable to spend (i.e. amounts tied up in inventories), \$2,604,035 is assigned for designated purposes, leaving \$9,082,144 unassigned.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### General Fund Budgetary Highlights

The general fund is the chief operating fund of the city. Revenue/transfers in to the general fund had a \$19,796 positive final budget variance, although it was an even higher \$465,296 over the original budget. State shared revenue had the largest positive variance from the original budget amounting to \$1,139,535. This large variance was due to the city commission's preference to not budget for the statutory component of the state shared revenue; opting to assume state sales tax revenue would be significantly negatively impacted due to the COVID pandemic, however state share revenue did not decrease. One other unbudgeted revenue source was the receipt of \$212,000 of forfeited retirement contributions. Expenditures/transfers out were \$1,861,729 below the original budget mostly due to personnel vacancies in general government functions and delays in capital outlay.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,082,144 while total fund balance was \$10,776,326. 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 20 percent of total general fund expenditures and transfers out, while total fund balance represents 24 percent of general fund expenditures and transfers out.

The fund balance of the city's general fund decreased by \$5,751,005 during the current fiscal year. However, the original budget included \$8,078,030 use of fund balance. A notable part of this variance was due to a \$1,327,000 increase in state shared revenue and other state grants.

#### Public Safety Fund

The public safety fund has a total fund balance of \$1,960,096, a decrease of \$543,170. This represents a positive final budget variance of \$127,180. A large part of that variance was due to the unbudgeted receipt of \$143,465 in forfeited retirement contributions, offset by increases in wages and overtime due to increased staffing and contract settlements.

#### Local Streets Fund

The local streets fund has a total fund balance of \$5,205,342, an increase of \$47,280, which represents a positive final budget variance of \$679,350. This variance is largely due to timing delays in construction projects and an unbudgeted transfer in from the Special Assessment fund.

#### State Construction Code Fund

The state construction code fund ended the year with a fund balance of \$13,400,938, an increase of \$653,737. Revenues exceeded the original budget by \$666,307 as all permits (building, electric, heating, plumbing, sign and sewer) were higher than budget. Expenditures were lower than original budget by \$211,880 due to vacant inspector positions, which have been difficult to fill.

#### Grants Fund

While the grants fund fund balance decreased by \$30,506 to \$448,943, this represents a positive final budget variance of \$137,544. This fund has received \$28 million in ARPA funding over the past two fiscal years, however the unspent amount of this grant remains in unearned revenue as of year-end, therefore it does not affect fund balance.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Water and Sewer Fund

Unrestricted net position of the water and sewer system at the end of the year amounted to a deficit of \$3,633,532, an improvement from the prior year, and the total increase in net position was \$2,756,744. The increase in net position was mostly due to higher charges for service revenue and lower salaries and benefits. Nearly \$6.7 million in watermain infrastructure improvements were performed.

#### Auto Parking Fund

Unrestricted net position for the auto parking system fund amounted to a deficit of \$444,581. The total decrease in net position for this fund was \$119,162, which can be attributed to both a reduction in charges for services revenue in the parking system due to the COVID pandemic and the removal of paid parking lot areas, which now house the city hall and police department, from this fund's capital assets.

#### Capital Assets and Debt Administration

##### *Capital Assets*

The city's investment in capital assets for its governmental and business-type activities amounts to \$405,213,940 (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 was 3.6 percent and mostly due to major and local street improvements and the completion of the new city hall and police station buildings.

	Capital Assets							
	Governmental Activities		Business-type Activities		Total			
	2022	2021	2022	2021	2022	2021		
Land	\$ 66,774,752	\$ 66,774,752	\$ 8,902,503	\$ 8,902,503	\$ 75,677,255	\$ 75,677,255		
Construction in progress	18,178,913	36,052,770	5,232,585	8,924,824	23,411,498	44,977,594		
Buildings	45,571,007	45,948,842	42,861,337	44,300,751	88,432,344	90,249,593		
Improvements other than buildings	21,161,663	3,811,941	274,851	24,422	21,436,514	3,836,363		
Machinery and equipment	9,083,538	7,823,752	357,643	400,216	9,441,181	8,223,968		
Infrastructure	95,017,945	80,623,885	91,794,426	87,609,658	186,812,371	168,233,543		
Intangibles	2,777	13,395	-	-	2,777	13,395		
<b>Total</b>	<b>\$ 255,790,595</b>	<b>\$ 241,049,337</b>	<b>\$ 149,423,345</b>	<b>\$ 150,162,374</b>	<b>\$ 405,213,940</b>	<b>\$ 391,211,711</b>		

Additional information on the City of Royal Oak's capital assets can be found in Note 7 to the financial statements.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Long-term Debt

At the end of the current fiscal year, the city had total debt outstanding of \$182,277,709. Of this amount, \$145,343,004 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. \$23,555,000 of debt is the balance of revenue bonds for two parking structures. Another \$4,537,584 of the debt is the city's portion of the county debt issued for the benefit of the city and surrounding communities. The remainder of the debt is composed of vested benefits, general liability and workers compensation claims, and unamortized bond discounts and premiums.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Limited general obligation bonds	\$ 125,175,805	\$ 132,135,008	\$ 20,167,199	\$ 22,016,994	\$ 145,343,004	\$ 154,152,002
Unlimited general obligation bonds	-	620,000	-	-	-	620,000
Revenue bonds	-	-	23,555,000	25,250,000	23,555,000	25,250,000
State revolving fund	-	-	-	-	-	-
Contractual obligations	-	-	4,537,584	6,802,767	4,537,584	6,802,767
Compensated absences	4,007,655	3,997,690	239,386	248,921	4,247,041	4,246,611
General liability claims	1,532,980	1,041,980	-	-	1,532,980	1,041,980
Workers compensation claims	96,704	161,604	-	-	96,704	161,604
Unamortized premium	2,504,666	2,641,750	460,730	538,406	2,965,396	3,180,156
Total	<u>\$ 133,317,810</u>	<u>\$ 140,598,032</u>	<u>\$ 48,959,899</u>	<u>\$ 54,857,088</u>	<u>\$ 182,277,709</u>	<u>\$ 195,455,120</u>

The city's total debt decreased by \$13,177,411 (6.7 percent) during the current fiscal year, largely due to payment of the regular debt principal payments, while not issuing any new debt, and reduced contractual obligations. There were also minor reductions in workers' compensation claims and unamortized premium.

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. Recently Fitch Ratings confirmed the city's underlying rating in AA stable based upon the city's very strong operating performance, long term liability burden and expenditure framework netted with a poorer revenue framework.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current legal debt limitation for the City is \$391,257,349 (10 percent of \$3,912,573,490 assessed valuation). The city's total debt subject to the 10 percent legal limit amounts to \$148,143,165 or 3.8 percent.

Additional information on the City of Royal Oak's long-term debt can be found in Note 8 to the financial statements.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Economic Factors and Next Year's Budgets and Rates

During preparation and adoption of the fiscal year 2022-23 budget, it was assumed that the impact of the COVID 19 pandemic would continue to improve and revenues would begin to fully return to pre-pandemic levels. State Shared revenues were not discounted as in the prior year's budget, as the decline did not occur last year during the first year of the pandemic. The city was awarded an ARPA grant amounting to approximately \$28 million to be used over 3 years. The city has received these funds however they are in the grant fund as unearned revenue until the city administration and city commission determine how the monies will be used.

Unassigned fund balance in the general fund decreased by approximately \$5.9 million to \$9.08 million. This unassigned fund balance for the general fund is approximately 20 percent of expenditures and transfers out, which is within the target fund balance range. The city's original budget for fiscal year 2022-2023 plans \$222,170 use of fund balance prior to any allocation of ARPA funds. The city's total millage rate declined by 0.1463 mill to 17.5580 mills.

For the 2022-2023 fiscal year, the quarterly water and sewer rates are \$117.50 per 1,000 cubic feet for the first 2,000 cubic feet and \$135.10 for every 1,000 cubic feet thereafter. In addition, all customers pay a \$15 flat fee per billing period to recoup the city's water/sewer administration costs. For the fourth year, a drain debt millage is being levied. Next year's rate is mills, down from 0.6268 the year prior.

In addition, the building permit rates will continue to remain discounted as the state construction fund's personnel costs have significantly decreased due to this fund contributing to the OPEB and pension trust funds for its share of the unfunded liabilities as well as advance payment for its share of the new city hall building. The state construction fund will not be charged principal and interest for the OPEB and pension bonds or on the ROCC project bonds.

#### 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, 203 S. Troy Street, Royal Oak, MI 48067.



## **BASIC FINANCIAL STATEMENTS**



## CITY OF ROYAL OAK, MICHIGAN

### Statement of Net Position

June 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets</b>				
Cash and investments	\$ 92,750,285	\$ 3,391,261	\$ 96,141,546	\$ 2,468,750
Receivables, net	10,176,779	10,033,791	20,210,570	86,948
Deposits and other assets	1,590,876	14,358	1,605,234	98,750
Internal balances	(5,125,217)	5,125,217	-	-
Inventories	466,002	337,423	803,425	-
Restricted assets, cash	1,015	-	1,015	-
Capital assets not being depreciated	84,953,665	14,135,088	99,088,753	842,975
Capital assets being depreciated, net	170,836,930	135,288,257	306,125,187	422,318
<b>Total assets</b>	<u>355,650,335</u>	<u>168,325,395</u>	<u>523,975,730</u>	<u>3,919,741</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	53,365	605,227	658,592	-
Deferred pension amounts	14,424,535	139,117	14,563,652	10,365
Deferred other postemployment benefit amounts	5,917,903	557,496	6,475,399	40,978
<b>Total deferred outflows of resources</b>	<u>20,395,803</u>	<u>1,301,840</u>	<u>21,697,643</u>	<u>51,343</u>
<b>Liabilities</b>				
Accounts payable	5,264,904	2,524,273	7,789,177	82,905
Accrued and other liabilities	5,706,585	947,091	6,653,676	9,906
Cash bonds and deposits	5,045,560	13,901	5,059,461	-
Unearned revenue	15,537,002	1,011,600	16,548,602	-
Long-term debt:				
Due within one year	10,077,261	5,689,739	15,767,000	6,000
Due in more than one year	123,240,549	43,270,160	166,510,709	6,327
Net pension liability (due in more than one year)	103,365,127	996,908	104,362,035	74,274
Net other postemployment benefit liability (due in more than one year)	10,114,614	952,849	11,067,463	70,039
<b>Total liabilities</b>	<u>278,351,602</u>	<u>55,406,521</u>	<u>333,758,123</u>	<u>249,451</u>
<b>Deferred inflows of resources</b>				
Deferred other postemployment benefit amounts	353,867	33,336	387,203	2,450
Deferred lease amounts	2,332,078	642,653	2,974,731	-
<b>Total deferred inflows of resources</b>	<u>2,685,945</u>	<u>675,989</u>	<u>3,361,934</u>	<u>2,450</u>
<b>Net position</b>				
Net investment in capital assets	217,042,279	112,941,252	329,983,531	1,265,293
Restricted for:				
Public, Educational, and Government				
Access ("PEG") fees	882,191	-	882,191	-
Highways and streets	14,350,452	-	14,350,452	-
Solid waste	3,826,865	-	3,826,865	-
Recreation and culture	1,267,297	-	1,267,297	-
Public safety	13,400,938	-	13,400,938	-
Grants	463,559	-	463,559	-
Indigent defense	37,799	-	37,799	-
Capital projects	997,451	-	997,451	-
Permanent fund:				
Expendable	11,096	-	11,096	-
Non-expendable	1,015	-	1,015	-
Unrestricted (deficit)	(157,272,351)	603,473	(156,668,878)	2,453,890
<b>Total net position</b>	<u>\$ 95,008,591</u>	<u>\$ 113,544,725</u>	<u>\$ 208,553,316</u>	<u>\$ 3,719,183</u>

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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 11,582,239	\$ 5,652,253	\$ 204,604	\$ -	\$ (5,725,382)
Public safety	38,697,761	3,769,189	1,338,095	24,851	(33,565,626)
Public works	17,387,047	847,396	223,040	1,389,456	(14,927,155)
Health and welfare	939,960	1,314,847	-	-	374,887
Community and economic development	2,589,823	282,998	4,912,735	-	2,605,910
Recreation and culture	3,979,382	1,700,454	427,874	-	(1,851,054)
Interest on long-term debt	4,976,602	-	-	-	(4,976,602)
Total governmental activities	<u>80,152,814</u>	<u>13,567,137</u>	<u>7,106,348</u>	<u>1,414,307</u>	<u>(58,065,022)</u>
Business-type activities:					
Water and sewer	27,514,146	28,030,479	84,340	-	600,673
Parking	4,259,864	3,511,672	623,085	-	(125,107)
Recreation	2,156,647	2,266,658	6,487	-	116,498
Farmers market	573,094	536,634	900	-	(35,560)
Total business-type activities	<u>34,503,751</u>	<u>34,345,443</u>	<u>714,812</u>	<u>-</u>	<u>556,504</u>
<b>Total primary government</b>	<u><u>\$ 114,656,565</u></u>	<u><u>\$ 47,912,580</u></u>	<u><u>\$ 7,821,160</u></u>	<u><u>\$ 1,414,307</u></u>	<u><u>\$ (57,508,518)</u></u>
<b>Component units</b>					
Tax Increment Financing Authority	\$ 7,296,308	\$ -	\$ 164,000	\$ -	\$ (7,132,308)
Downtown Development Authority	32,144	-	-	-	(32,144)
Brownfield Redevelopment Authority	433,817	-	-	-	(433,817)
<b>Total component units</b>	<u><u>\$ 7,762,269</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 164,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,598,269)</u></u>

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Changes in net position</b>				
Net (expense) revenue	\$ (58,065,022)	\$ 556,504	\$ (57,508,518)	\$ (7,598,269)
General revenues:				
Property taxes	50,566,421	2,437,221	53,003,642	5,836,860
Unrestricted state shared revenues	15,598,185	-	15,598,185	-
Unrestricted investment earnings (loss)	(232,808)	-	(232,808)	17,850
Gain on sale of capital assets	107,541	-	107,541	-
Miscellaneous	304,169	-	304,169	-
Transfers	55,830	(55,830)	-	-
Total general revenues and transfers	66,399,338	2,381,391	68,780,729	5,854,710
<b>Change in net position</b>				
	8,334,316	2,937,895	11,272,211	(1,743,559)
Net position, beginning of year	86,674,275	110,606,830	197,281,105	5,462,742
<b>Net position, end of year</b>	<b>\$ 95,008,591</b>	<b>\$ 113,544,725</b>	<b>\$ 208,553,316</b>	<b>\$ 3,719,183</b>

concluded.

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

## CITY OF ROYAL OAK, MICHIGAN

### Balance Sheet

Governmental Funds

June 30, 2022

	General	Public Safety	Local Streets	State Construction Code	Grants
<b>Assets</b>					
Cash and investments	\$ 15,270,340	\$ 4,102,596	\$ 5,957,158	\$ 13,477,638	\$ 13,360,415
Receivables, net	2,761,939	430,836	225,651	4,202	47,636
Due from other governmental units	1,263,153	3,460	282,586	-	-
Due from other funds	266,978	-	-	-	-
Prepaid items	168,052	-	-	-	-
Inventories	-	-	40,895	-	-
Restricted assets, cash	-	-	-	-	-
<b>Total assets</b>	<b>\$ 19,730,462</b>	<b>\$ 4,536,892</b>	<b>\$ 6,506,290</b>	<b>\$ 13,481,840</b>	<b>\$ 13,408,051</b>
<b>Liabilities</b>					
Accounts payable	\$ 830,755	\$ 351,469	\$ 767,611	\$ 3,847	\$ 26,526
Accrued and other liabilities	601,989	2,171,440	315,125	77,055	5,767
Due to other funds	-	-	-	-	-
Cash bonds and deposits	5,042,910	-	-	-	2,650
Unearned revenue	-	-	-	-	12,909,549
<b>Total liabilities</b>	<b>6,475,654</b>	<b>2,522,909</b>	<b>1,082,736</b>	<b>80,902</b>	<b>12,944,492</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	146,404	53,887	218,212	-	14,616
Deferred lease amounts	2,332,078	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,478,482</b>	<b>53,887</b>	<b>218,212</b>	<b>-</b>	<b>14,616</b>
<b>Fund balances</b>					
Nonspendable:					
Prepaid items	168,052	-	-	-	-
Inventories	-	-	40,895	-	-
Endowment	-	-	-	-	-
Restricted:					
PEG fees	882,191	-	-	-	-
Highways and streets	-	-	5,164,447	-	-
Solid waste	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Public safety	-	-	-	13,400,938	-
Grants	-	-	-	-	448,943
Indigent defense	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Permanent fund	-	-	-	-	-
Committed for capital projects	-	-	-	-	-
Assigned:					
Eligible retiree bank payouts	643,939	377,991	-	-	-
Public safety	-	1,582,105	-	-	-
Unassigned	9,082,144	-	-	-	-
<b>Total fund balances</b>	<b>10,776,326</b>	<b>1,960,096</b>	<b>5,205,342</b>	<b>13,400,938</b>	<b>448,943</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 19,730,462</b>	<b>\$ 4,536,892</b>	<b>\$ 6,506,290</b>	<b>\$ 13,481,840</b>	<b>\$ 13,408,051</b>

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

STATEMENT OF CASH FLOWS

Nonmajor Governmental Funds	Total Governmental Funds
-----------------------------------	--------------------------------

\$ 16,392,791	\$ 68,560,938
3,767,965	7,238,229
1,361,338	2,910,537
-	266,978
10,639	178,691
169,120	210,015
1,015	1,015
<hr/>	<hr/>
<u>\$ 21,702,868</u>	<u>\$ 79,366,403</u>

\$ 2,793,116	\$ 4,773,324
827,954	3,999,330
266,978	266,978
-	5,045,560
2,627,453	15,537,002
<hr/>	<hr/>
<u>6,515,501</u>	<u>29,622,194</u>

996,000	1,429,119
-	2,332,078
<hr/>	<hr/>
<u>996,000</u>	<u>3,761,197</u>

10,639	178,691
169,120	210,015
1,015	1,015
<hr/>	<hr/>
-	882,191
6,644,644	11,809,091
3,811,764	3,811,764
1,264,358	1,264,358
-	13,400,938
-	448,943
37,799	37,799
5,579	5,579
40,257	40,257
11,096	11,096
2,195,096	2,195,096
<hr/>	<hr/>
-	1,021,930
-	1,582,105
-	9,082,144
<hr/>	<hr/>
<u>14,191,367</u>	<u>45,983,012</u>

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<u>\$ 21,702,868</u>	<u>\$ 79,366,403</u>



# CITY OF ROYAL OAK, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2022

<b>Fund balances for governmental funds</b>	<b>\$ 45,983,012</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	84,953,665
Capital assets being depreciated, net	170,836,930
Less capital assets accounted for in internal service funds	(8,887,043)
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 long-term receivables	1,429,119
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 internal service fund	24,542,739
Internal service fund net position accounted for in business-type activities	(5,125,217)
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	(1,221,174)
Bonds payable	(118,119,176)
Unamortized bond premiums	(2,493,627)
Deferred charge on refunding	25,582
Compensated absences	(3,849,947)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(103,034,523)
Deferred outflows related to the net pension liability	14,378,399
Net other postemployment benefit liability	(9,802,479)
Deferred outflows related to the net other postemployment benefit liability	5,735,277
Deferred inflows related to the net other postemployment benefit liability	<u>(342,946)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 95,008,591</u></b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General	Public Safety	Local Streets	State Construction Code	Grants
<b>Revenues</b>					
Taxes	\$ 21,893,083	\$ 10,860,372	\$ 6,829,816	\$ -	\$ -
Licenses and permits	1,774,474	28,150	-	2,297,552	65,087
Federal grants	38,082	-	-	-	434,619
State grants	7,419,902	125,253	2,013,709	-	39,157
Charges for services	2,693,862	1,686,998	-	-	-
Fines and forfeitures	3,618,154	-	-	-	-
Interest and rentals	114,524	8,391	14,327	34,178	27,273
Contributions and donations	790,056	540,294	14,778	-	53,846
Other revenue	304,169	143,044	18,917	69,077	-
<b>Total revenues</b>	<u>38,646,306</u>	<u>13,392,502</u>	<u>8,891,547</u>	<u>2,400,807</u>	<u>619,982</u>
<b>Expenditures</b>					
Current:					
General government	11,104,727	-	-	-	-
Public safety	393,503	30,689,279	-	1,743,070	594,988
Public works	1,824,618	-	7,562,561	-	-
Health and welfare	-	986,241	-	-	-
Community and economic development	392,969	-	-	-	-
Recreation and culture	2,423,296	-	-	-	127,095
Debt service:					
Principal payments	1,295,604	1,980,659	1,410,111	-	-
Interest and paying agent fees	1,164,041	1,779,493	222,602	-	-
<b>Total expenditures</b>	<u>18,598,758</u>	<u>35,435,672</u>	<u>9,195,274</u>	<u>1,743,070</u>	<u>722,083</u>
Revenues over (under) expenditures	<u>20,047,548</u>	<u>(22,043,170)</u>	<u>(303,727)</u>	<u>657,737</u>	<u>(102,101)</u>
<b>Other financing sources (uses)</b>					
Transfers in	300	21,500,000	366,007	-	71,595
Transfers out	(25,798,853)	-	(15,000)	(4,000)	-
<b>Total other financing sources (uses)</b>	<u>(25,798,553)</u>	<u>21,500,000</u>	<u>351,007</u>	<u>(4,000)</u>	<u>71,595</u>
<b>Net change in fund balances</b>	<u>(5,751,005)</u>	<u>(543,170)</u>	<u>47,280</u>	<u>653,737</u>	<u>(30,506)</u>
Fund balances, beginning of year	<u>16,527,331</u>	<u>2,503,266</u>	<u>5,158,062</u>	<u>12,747,201</u>	<u>479,449</u>
<b>Fund balances, end of year</b>	<u><b>\$ 10,776,326</b></u>	<u><b>\$ 1,960,096</b></u>	<u><b>\$ 5,205,342</b></u>	<u><b>\$ 13,400,938</b></u>	<u><b>\$ 448,943</b></u>

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

STATEMENT OF CASH FLOWS

Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,834,429	\$ 50,417,700
242,968	4,408,231
2,118,830	2,591,531
6,343,830	15,941,851
487,300	4,868,160
1,828	3,619,982
88,718	287,411
3,663,453	5,062,427
119,105	654,312
<hr/>	<hr/>
23,900,461	87,851,605
<hr/>	<hr/>
598,406	11,703,133
9,641	33,430,481
14,797,528	24,184,707
-	986,241
<hr/>	<hr/>
2,403,149	2,796,118
9,470,413	12,020,804
<hr/>	<hr/>
2,546,993	7,233,367
1,862,254	5,028,390
<hr/>	<hr/>
31,688,384	97,383,241
<hr/>	<hr/>
(7,787,923)	(9,531,636)
<hr/>	<hr/>
4,265,489	26,203,391
(504,708)	(26,322,561)
<hr/>	<hr/>
3,760,781	(119,170)
<hr/>	<hr/>
(4,027,142)	(9,650,806)
<hr/>	<hr/>
18,218,509	55,633,818
<hr/>	<hr/>
\$ 14,191,367	\$ 45,983,012



## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2022

<b>Net change in fund balances - total governmental funds</b>	\$ (9,650,806)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	17,752,166
Depreciation expense	(4,231,565)
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 long-term receivables	540,277
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.	
Principal payments on long-term liabilities	7,233,367
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	51,788
Amortization of bond premium	135,509
Amortization of deferred charge on refunding	(12,133)
Change in the net pension liability and related deferred amounts	(3,671,760)
Change in other postemployment benefit liability and related deferred amounts	(82,371)
Change in compensated absences	(2,558)
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.	
Total change in net position of the internal service funds	510,143
Internal service fund change in net position accounted for in business-type activities	<u>(237,741)</u>
<b>Change in net position of governmental activities</b>	<u>\$ 8,334,316</u>

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

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 21,819,000	\$ 21,819,000	\$ 21,893,083	\$ 74,083
Licenses and permits	1,791,600	1,806,600	1,774,474	(32,126)
Federal grants	-	31,000	38,082	7,082
State grants	6,092,450	7,309,450	7,419,902	110,452
Charges for services	2,689,310	2,805,310	2,693,862	(111,448)
Fines and forfeitures	4,611,000	3,596,000	3,618,154	22,154
Interest and rentals	355,950	437,450	114,524	(322,926)
Contributions and donations	775,000	775,000	790,056	15,056
Other revenue	47,000	47,000	304,169	257,169
<b>Total revenues</b>	<u>38,181,310</u>	<u>38,626,810</u>	<u>38,646,306</u>	<u>19,496</u>
<b>Expenditures</b>				
Current:				
General government	11,535,830	11,952,830	11,104,727	(848,103)
Public safety	480,160	405,160	393,503	(11,657)
Public works	1,777,040	1,817,040	1,824,618	7,578
Community and economic development	779,160	399,160	392,969	(6,191)
Recreation and culture	2,462,780	2,639,780	2,423,296	(216,484)
Debt service:				
Principal payments	1,296,500	1,296,500	1,295,604	(896)
Interest and paying agent fees	1,165,500	1,165,500	1,164,041	(1,459)
<b>Total expenditures</b>	<u>19,496,970</u>	<u>19,675,970</u>	<u>18,598,758</u>	<u>(1,077,212)</u>
Revenues over expenditures	<u>18,684,340</u>	<u>18,950,840</u>	<u>20,047,548</u>	<u>1,096,708</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	300	300
Transfers out	(26,762,370)	(25,799,870)	(25,798,853)	(1,017)
<b>Total other financing sources (uses)</b>	<u>(26,762,370)</u>	<u>(25,799,870)</u>	<u>(25,798,553)</u>	<u>1,317</u>
<b>Net change in fund balance</b>	<u>(8,078,030)</u>	<u>(6,849,030)</u>	<u>(5,751,005)</u>	<u>1,098,025</u>
Fund balance, beginning of year	<u>16,527,331</u>	<u>16,527,331</u>	<u>16,527,331</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 8,449,301</u>	<u>\$ 9,678,301</u>	<u>\$ 10,776,326</u>	<u>\$ 1,098,025</u>

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

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 10,881,000	\$ 10,881,000	\$ 10,860,372	\$ (20,628)
Licenses and permits	55,000	55,000	28,150	(26,850)
Federal grants	-	-	-	-
State grants	113,000	113,000	125,253	12,253
Charges for services	1,384,990	1,609,990	1,686,998	77,008
Interest and rentals	1,000	1,000	8,391	7,391
Contributions and donations	540,000	540,000	540,294	294
Other revenue	30,000	30,000	143,044	113,044
<b>Total revenues</b>	<b>13,004,990</b>	<b>13,229,990</b>	<b>13,392,502</b>	<b>162,512</b>
<b>Expenditures</b>				
Current:				
Public safety	31,741,180	30,608,100	30,689,279	81,179
Health and welfare	895,960	1,029,040	986,241	(42,799)
Debt service:				
Principal payments	1,982,700	1,982,700	1,980,659	(2,041)
Interest and paying agent fees	1,780,500	1,780,500	1,779,493	(1,007)
<b>Total expenditures</b>	<b>36,400,340</b>	<b>35,400,340</b>	<b>35,435,672</b>	<b>35,332</b>
Revenues under expenditures	(23,395,350)	(22,170,350)	(22,043,170)	127,180
<b>Other financing sources</b>				
Transfers in	22,500,000	21,500,000	21,500,000	-
<b>Net change in fund balance</b>	<b>(895,350)</b>	<b>(670,350)</b>	<b>(543,170)</b>	<b>127,180</b>
Fund balance, beginning of year	2,503,266	2,503,266	2,503,266	-
<b>Fund balance, end of year</b>	<b>\$ 1,607,916</b>	<b>\$ 1,832,916</b>	<b>\$ 1,960,096</b>	<b>\$ 127,180</b>

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 - Local Streets Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 6,843,000	\$ 6,843,000	\$ 6,829,816	\$ (13,184)
State grants	1,855,000	1,970,000	2,013,709	43,709
Interest and rentals	6,000	6,000	14,327	8,327
Contributions and donations	-	22,200	14,778	(7,422)
Other revenue	-	-	18,917	18,917
<b>Total revenues</b>	<u>8,704,000</u>	<u>8,841,200</u>	<u>8,891,547</u>	<u>50,347</u>
<b>Expenditures</b>				
Current -				
Public works	9,110,770	7,823,770	7,562,561	(261,209)
Debt service:				
Principal payments	1,410,500	1,410,500	1,410,111	(389)
Interest and paying agent fees	224,000	224,000	222,602	(1,398)
<b>Total expenditures</b>	<u>10,745,270</u>	<u>9,458,270</u>	<u>9,195,274</u>	<u>(262,996)</u>
Revenues under expenditures	<u>(2,041,270)</u>	<u>(617,070)</u>	<u>(303,727)</u>	<u>313,343</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	366,007	366,007
Transfers out	(15,000)	(15,000)	(15,000)	-
<b>Total other financing sources (uses)</b>	<u>(15,000)</u>	<u>(15,000)</u>	<u>351,007</u>	<u>366,007</u>
<b>Net change in fund balance</b>	<u>(2,056,270)</u>	<u>(632,070)</u>	<u>47,280</u>	<u>679,350</u>
Fund balance, beginning of year	<u>5,158,062</u>	<u>5,158,062</u>	<u>5,158,062</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 3,101,792</u></u>	<u><u>\$ 4,525,992</u></u>	<u><u>\$ 5,205,342</u></u>	<u><u>\$ 679,350</u></u>

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

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - State Construction Code Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 1,682,500	\$ 2,282,500	\$ 2,297,552	\$ 15,052
Interest and rentals	22,000	22,000	34,178	12,178
Other revenue	<u>30,000</u>	<u>30,000</u>	<u>69,077</u>	<u>39,077</u>
<b>Total revenues</b>	<b>1,734,500</b>	<b>2,334,500</b>	<b>2,400,807</b>	<b>66,307</b>
<b>Expenditures</b>				
Current -				
Public safety	<u>1,954,950</u>	<u>2,330,500</u>	<u>1,743,070</u>	<u>(587,430)</u>
Revenues over (under) expenditures	(220,450)	4,000	657,737	653,737
<b>Other financing uses</b>				
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(224,450)</b>	<b>-</b>	<b>653,737</b>	<b>653,737</b>
Fund balance, beginning of year	<u>12,747,201</u>	<u>12,747,201</u>	<u>12,747,201</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 12,522,751</b>	<b>\$ 12,747,201</b>	<b>\$ 13,400,938</b>	<b>\$ 653,737</b>

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 - Grants Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 55,000	\$ 55,000	\$ 65,087	\$ 10,087
Federal grants	56,000	1,490,100	434,619	(1,055,481)
State grants	71,000	74,500	39,157	(35,343)
Charges for services	9,100	9,100	-	(9,100)
Fines and forfeitures	50,000	50,000	-	(50,000)
Interest and rentals	1,100	9,100	27,273	18,173
Contributions and donations	54,000	54,000	53,846	(154)
<b>Total revenues</b>	<b>296,200</b>	<b>1,741,800</b>	<b>619,982</b>	<b>(1,121,818)</b>
<b>Expenditures</b>				
Current:				
Public safety	506,250	799,250	594,988	(204,262)
Recreation and culture	-	184,700	127,095	(57,605)
<b>Total expenditures</b>	<b>506,250</b>	<b>983,950</b>	<b>722,083</b>	<b>(261,867)</b>
Revenues over (under) expenditures	(210,050)	757,850	(102,101)	(859,951)
<b>Other financing sources (uses)</b>				
Transfers in	42,000	74,100	71,595	(2,505)
Transfers out	-	(1,000,000)	-	(1,000,000)
<b>Total other financing sources (uses)</b>	<b>42,000</b>	<b>(925,900)</b>	<b>71,595</b>	<b>997,495</b>
<b>Net change in fund balance</b>	<b>(168,050)</b>	<b>(168,050)</b>	<b>(30,506)</b>	<b>137,544</b>
Fund balance, beginning of year	479,449	479,449	479,449	-
<b>Fund balance, end of year</b>	<b>\$ 311,399</b>	<b>\$ 311,399</b>	<b>\$ 448,943</b>	<b>\$ 137,544</b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Net Position

Proprietary Funds  
June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 855,956	\$ 1,592,241	\$ 943,064	\$ 3,391,261	\$ 24,189,347
Receivables, net	8,708,235	342,718	201,885	9,252,838	28,013
Prepaid items	-	14,358	-	14,358	1,412,185
Inventories	312,189	25,234	-	337,423	255,987
Total current assets	<u>9,876,380</u>	<u>1,974,551</u>	<u>1,144,949</u>	<u>12,995,880</u>	<u>25,885,532</u>
Noncurrent assets:					
Due from other governmental units	176,551	-	-	176,551	-
Lease receivable	-	456,931	147,471	604,402	-
Capital assets not being depreciated	5,241,991	8,697,785	195,312	14,135,088	324,228
Capital assets being depreciated, net	91,970,418	38,279,341	5,038,498	135,288,257	8,562,815
Total noncurrent assets	<u>97,388,960</u>	<u>47,434,057</u>	<u>5,381,281</u>	<u>150,204,298</u>	<u>8,887,043</u>
<b>Total assets</b>	<u>107,265,340</u>	<u>49,408,608</u>	<u>6,526,230</u>	<u>163,200,178</u>	<u>34,772,575</u>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	155,938	449,289	-	605,227	27,783
Deferred pension amounts	112,927	18,078	8,112	139,117	46,136
Deferred other postemployment benefit amounts	444,409	80,854	32,233	557,496	182,626
<b>Total deferred outflows of resources</b>	<u>713,274</u>	<u>548,221</u>	<u>40,345</u>	<u>1,301,840</u>	<u>256,545</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,194,503	214,143	115,627	2,524,273	491,580
Accrued and other liabilities	548,491	359,991	38,609	947,091	486,081
Cash bonds and deposits	250	13,651	-	13,901	-
Unearned revenue	-	1,000,000	11,600	1,011,600	-
Long-term debt, due within one year	2,811,912	2,696,925	60,902	5,569,739	354,832
Other long-term liabilities, current	-	-	-	-	814,842
Compensated absences, current	86,056	23,569	10,375	120,000	80,160
Total current liabilities	<u>5,641,212</u>	<u>4,308,279</u>	<u>237,113</u>	<u>10,186,604</u>	<u>2,227,495</u>
Noncurrent liabilities:					
Long-term debt	14,949,447	26,955,228	1,246,099	43,150,774	6,712,836
Other long-term liabilities	-	-	-	-	814,842
Accrued compensated absences	85,618	23,448	10,320	119,386	77,548
Net pension liability	809,230	129,547	58,131	996,908	330,604
Net other postemployment benefit liability	759,564	138,193	55,092	952,849	312,135
Total noncurrent liabilities	<u>16,603,859</u>	<u>27,246,416</u>	<u>1,369,642</u>	<u>45,219,917</u>	<u>8,247,965</u>
<b>Total liabilities</b>	<u>22,245,071</u>	<u>31,554,695</u>	<u>1,606,755</u>	<u>55,406,521</u>	<u>10,475,460</u>
<b>Deferred inflows of resources</b>					
Deferred other postemployment benefit amounts	26,574	4,835	1,927	33,336	10,921
Deferred lease amounts	-	474,937	167,716	642,653	-
<b>Total deferred inflows of resources</b>	<u>26,574</u>	<u>479,772</u>	<u>169,643</u>	<u>675,989</u>	<u>10,921</u>
<b>Net position</b>					
Net investment in capital assets	89,340,499	18,366,943	5,233,810	112,941,252	8,588,959
Unrestricted (deficit)	(3,633,530)	(444,581)	(443,633)	(4,521,744)	15,953,780
<b>Total net position</b>	<u>\$ 85,706,969</u>	<u>\$ 17,922,362</u>	<u>\$ 4,790,177</u>	<u>\$ 108,419,508</u>	<u>\$ 24,542,739</u>

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



# CITY OF ROYAL OAK, MICHIGAN

## Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-type Activities  
June 30, 2022

Net position - total enterprise funds	\$ 108,419,508
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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

5,125,217

Net position of business-type activities	\$ <u>113,544,725</u>
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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, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues</b>					
Charges for services	\$ 27,921,126	\$ 3,500,912	\$ 2,739,934	\$ 34,161,972	\$ 19,142,216
Other	109,353	10,760	63,358	183,471	501,566
<b>Total operating revenues</b>	<b>28,030,479</b>	<b>3,511,672</b>	<b>2,803,292</b>	<b>34,345,443</b>	<b>19,643,782</b>
<b>Operating expenses</b>					
Salaries and benefits	1,743,925	372,321	317,426	2,433,672	13,006,509
Supplies	543,166	71,438	121,319	735,923	963,582
Sewage disposal services	13,371,042	-	-	13,371,042	-
Other services and charges	8,157,333	1,504,895	2,001,369	11,663,597	3,659,259
Depreciation	3,275,698	1,236,158	251,065	4,762,921	1,501,623
<b>Total operating expenses</b>	<b>27,091,164</b>	<b>3,184,812</b>	<b>2,691,179</b>	<b>32,967,155</b>	<b>19,130,973</b>
Operating income	939,315	326,860	112,113	1,378,288	512,809
<b>Nonoperating revenues (expenses)</b>					
Taxes	2,437,221	-	-	2,437,221	-
State grants	79,615	-	-	79,615	-
Interest income	4,725	38,645	7,387	50,757	-
Contributions	-	584,440	-	584,440	-
Interest expense	(652,302)	(1,069,107)	(52,928)	(1,774,337)	(285,207)
Gain on sale of capital assets	-	-	-	-	107,541
<b>Total nonoperating revenues (expenses)</b>	<b>1,869,259</b>	<b>(446,022)</b>	<b>(45,541)</b>	<b>1,377,696</b>	<b>(177,666)</b>
Income (loss) before transfers	2,808,574	(119,162)	66,572	2,755,984	335,143
<b>Transfers</b>					
Transfers in	29,670	-	-	29,670	175,000
Transfers out	(81,500)	-	(4,000)	(85,500)	-
<b>Net transfers</b>	<b>(51,830)</b>	<b>-</b>	<b>(4,000)</b>	<b>(55,830)</b>	<b>175,000</b>
<b>Change in net position</b>	<b>2,756,744</b>	<b>(119,162)</b>	<b>62,572</b>	<b>2,700,154</b>	<b>510,143</b>
Net position, beginning of year	82,950,225	18,041,524	4,727,605	105,719,354	24,032,596
<b>Net position, end of year</b>	<b>\$ 85,706,969</b>	<b>\$ 17,922,362</b>	<b>\$ 4,790,177</b>	<b>\$ 108,419,508</b>	<b>\$ 24,542,739</b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Changes in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2022

<b>Change in net position - total enterprise funds</b>	\$ 2,700,154
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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

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237,741

<b>Change in net position of business-type activities</b>	<u>\$ 2,937,895</u>
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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, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 27,625,635	\$ 4,200,689	\$ 2,741,759	\$ 34,568,083	\$ -
Internal activity - receipts from other funds	-	-	-	-	19,142,216
Other operating receipts	109,353	10,760	63,358	183,471	501,566
Payments to vendors	(22,211,691)	(1,409,371)	(2,096,224)	(25,717,286)	(4,082,331)
Payments to employees	(2,318,475)	(509,025)	(324,003)	(3,151,503)	(13,187,809)
<b>Net cash provided by operating activities</b>	<u>3,204,822</u>	<u>2,293,053</u>	<u>384,890</u>	<u>5,882,765</u>	<u>2,373,642</u>
<b>Cash flows from noncapital financing activities</b>					
Tax revenues received	2,437,221	-	-	2,437,221	-
Grants received	79,615	-	-	79,615	-
Contributions and donations	-	584,440	-	584,440	-
Transfers from other funds	29,670	-	-	29,670	175,000
Transfers to other funds	(81,500)	-	(4,000)	(85,500)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>2,465,006</u>	<u>584,440</u>	<u>(4,000)</u>	<u>3,045,446</u>	<u>175,000</u>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(4,023,892)	-	-	(4,023,892)	(2,722,280)
Principal paid on long-term debt	(3,187,222)	(2,563,414)	(59,342)	(5,809,978)	(345,836)
Interest paid on long-term debt	(656,755)	(1,040,271)	(52,928)	(1,749,954)	(282,813)
Proceeds from sale of capital assets	-	-	-	-	107,541
<b>Net cash used in capital and related financing activities</b>	<u>(7,867,869)</u>	<u>(3,603,685)</u>	<u>(112,270)</u>	<u>(11,583,824)</u>	<u>(3,243,388)</u>
<b>Cash flows from investing activities</b>					
Interest received on investments	<u>4,725</u>	<u>38,645</u>	<u>7,387</u>	<u>50,757</u>	<u>-</u>
<b>Net change in cash and investments</b>	<u>(2,193,316)</u>	<u>(687,547)</u>	<u>276,007</u>	<u>(2,604,856)</u>	<u>(694,746)</u>
Cash and investments balances, beginning of year	<u>3,049,272</u>	<u>2,279,788</u>	<u>667,057</u>	<u>5,996,117</u>	<u>24,884,093</u>
<b>Cash and investments balances, end of year</b>	<u>\$ 855,956</u>	<u>\$ 1,592,241</u>	<u>\$ 943,064</u>	<u>\$ 3,391,261</u>	<u>\$ 24,189,347</u>

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 939,315	\$ 326,860	\$ 112,113	\$ 1,378,288	\$ 512,809
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,275,698	1,236,158	251,065	4,762,921	1,501,623
Changes in assets and liabilities:					
Receivables, net	(277,082)	(283,711)	25,823	(534,970)	(14,270)
Prepaid items	-	(14,358)	-	(14,358)	(208,936)
Inventories	6,771	5,126	-	11,897	(100,356)
Due from other governmental units	(18,409)	-	-	(18,409)	-
Deferred outflows related to the net pension liability	(72,452)	(10,677)	(5,785)	(88,914)	(31,637)
Deferred outflows related to the net other postemployment liability	(356,862)	(63,235)	(27,172)	(447,269)	(150,460)
Accounts payable	(194,044)	175,766	26,464	8,186	373,072
Accrued and other liabilities	47,123	428	12,828	60,379	32,623
Cash bonds and deposits	-	(90)	-	(90)	-
Unearned revenue	-	1,000,000	(4,350)	995,650	-
Other long-term liabilities	-	-	-	-	426,100
Accrued compensated absences	177	(8,329)	(1,383)	(9,535)	7,407
Net pension liability	(167,565)	(49,061)	1,987	(214,639)	(19,337)
Net other postemployment benefits liability	1,461,088	279,372	95,648	1,836,108	569,886
Deferred inflows related to the net pension liability	(289,221)	(52,885)	(16,624)	(358,730)	(103,615)
Deferred inflows related to the net other postemployment liability	(1,149,715)	(231,889)	(66,076)	(1,447,680)	(421,267)
Deferred inflows related to leases	-	(16,422)	(19,648)	(36,070)	-
<b>Net cash provided by operating activities</b>	<b>\$ 3,204,822</b>	<b>\$ 2,293,053</b>	<b>\$ 384,890</b>	<b>\$ 5,882,765</b>	<b>\$ 2,373,642</b>

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, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and investments	\$ 505,238	\$ 2,214,600
Investments, at fair value:		
Mutual funds	174,346,884	-
Equities	88,792,672	-
Government obligations	746,437	-
Other assets	25,840,587	-
Receivables, net	350,901	-
	<hr/>	<hr/>
<b>Total assets</b>	<hr/> <u>290,582,719</u>	<hr/> <u>2,214,600</u>
<b>Liabilities</b>		
Accounts payable	379,916	-
Undistributed receipts	-	1,937,586
Due to City of Berkley	-	10,686
Due to other governmental units	-	30
Bonds and deposits	-	194,250
	<hr/>	<hr/>
<b>Total liabilities</b>	<hr/> <u>379,916</u>	<hr/> <u>2,142,552</u>
<b>Net position</b>		
Restricted for:		
Pension benefits	151,680,635	-
Other postemployment benefits	138,522,168	-
Individuals, organizations and other governments	-	72,048
	<hr/>	<hr/>
<b>Total net position</b>	<hr/> <u>\$ 290,202,803</u>	<hr/> <u>\$ 72,048</u>

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

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 10,213,778	\$ -
Plan members	894,197	-
Employee service purchases	708,859	-
Total contributions	<u>11,816,834</u>	<u>-</u>
Investment earnings (loss):		
Net change in fair value of investments	(40,890,611)	-
Interest	50,541	-
Dividends	8,633,716	-
Other investment revenues	268,763	-
Total investment loss	<u>(31,937,591)</u>	<u>-</u>
Less investment expenses	2,086,411	-
Net investment loss	<u>(34,024,002)</u>	<u>-</u>
Taxes collected for other governments	-	83,019,071
Other additions	<u>-</u>	<u>1,197,688</u>
<b>Total additions (net of investment loss)</b>	<b>(22,207,168)</b>	<b>84,216,759</b>
<b>Deductions</b>		
Benefits	26,088,551	-
Refund of contributions	595,293	-
Administrative expenses	82,288	-
Payments of taxes to other governments	-	83,019,071
Other deductions	<u>-</u>	<u>1,239,444</u>
<b>Total deductions</b>	<b>26,766,132</b>	<b>84,258,515</b>
<b>Change in net position</b>	<b>(48,973,300)</b>	<b>(41,756)</b>
Net position, beginning of year	<u>339,176,103</u>	<u>113,804</u>
<b>Net position, end of year</b>	<b>\$ 290,202,803</b>	<b>\$ 72,048</b>

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, 2022

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 1,906,073	\$ 133,332	\$ 429,345	\$ 2,468,750
Receivables, net	25,643	147	61,158	86,948
Prepaid items	98,750	-	-	98,750
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets being depreciated, net	422,318	-	-	422,318
<b>Total assets</b>	<u>3,295,759</u>	<u>133,479</u>	<u>490,503</u>	<u>3,919,741</u>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	6,246	4,119	-	10,365
Deferred other postemployment benefit amounts	24,770	16,208	-	40,978
<b>Total deferred outflows of resources</b>	<u>31,016</u>	<u>20,327</u>	<u>-</u>	<u>51,343</u>
<b>Liabilities</b>				
Accounts payable	71,191	310	11,404	82,905
Accrued and other liabilities	6,837	3,069	-	9,906
Long-term debt:				
Due within one year	2,790	3,210	-	6,000
Due in more than one year	2,945	3,382	-	6,327
Net pension liability (due in more than one year)	44,757	29,517	-	74,274
Net other postemployment benefit liability (due in more than one year)	42,336	27,703	-	70,039
<b>Total liabilities</b>	<u>170,856</u>	<u>67,191</u>	<u>11,404</u>	<u>249,451</u>
<b>Deferred inflows of resources</b>				
Deferred other postemployment benefit amounts	1,481	969	-	2,450
<b>Net position</b>				
Investment in capital assets	1,265,293	-	-	1,265,293
Unrestricted	1,889,145	85,646	479,099	2,453,890
<b>Total net position</b>	<u>\$ 3,154,438</u>	<u>\$ 85,646</u>	<u>\$ 479,099</u>	<u>\$ 3,719,183</u>

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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended June 30, 2022

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Expenses</b>				
Tax Increment Financing Authority	\$ 7,296,308	\$ -	\$ -	\$ 7,296,308
Downtown Development Authority	-	32,144	-	32,144
Brownfield Redevelopment Authority	-	-	433,817	433,817
<b>Total expenses</b>	<b>7,296,308</b>	<b>32,144</b>	<b>433,817</b>	<b>7,762,269</b>
<b>Program revenues</b>				
Operating grants and contributions	164,000	-	-	164,000
<b>Net expense</b>	<b>(7,132,308)</b>	<b>(32,144)</b>	<b>(433,817)</b>	<b>(7,598,269)</b>
<b>General revenues</b>				
Property taxes	5,372,153	49,485	415,222	5,836,860
Unrestricted investment earnings	14,814	359	2,677	17,850
<b>Total general revenues</b>	<b>5,386,967</b>	<b>49,844</b>	<b>417,899</b>	<b>5,854,710</b>
<b>Change in net position</b>	<b>(1,745,341)</b>	<b>17,700</b>	<b>(15,918)</b>	<b>(1,743,559)</b>
Net position, beginning of year	4,899,779	67,946	495,017	5,462,742
<b>Net position, end of year</b>	<b>\$ 3,154,438</b>	<b>\$ 85,646</b>	<b>\$ 479,099</b>	<b>\$ 3,719,183</b>

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



## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

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

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

*Building Authority.* A Board that is appointed by the City Commission governs the Building Authority. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole business activity is acquiring and leasing property to the City. Activity in the fund, at this time, includes the repayment of ice arena bonds issued to construct a second rink, which is combined with the ice arena enterprise fund for inclusion in the City's financial statements; the repayment of general obligation bonds related to the construction of a courthouse; the repayment of general obligation bonds related to the construction of a parking deck which is combined with the automobile parking system enterprise fund for inclusion in the City's financial statements; the repayment of fire improvement bonds related to the construction of two fire stations, the renovation of one fire station, and for the purchase of various fire apparatus and equipment; and the recognition of expenditures for the renovation of the library and the repayment of the related general obligation bonds.

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

### *Fiduciary Component Units*

The City of Royal Oak *Retirement System* (the System) is a single-employer defined benefit contributory retirement plan which provides pension, death and disability benefits covering certain full-time employees of the City of Royal Oak. The System is included as a fiduciary component unit of the City because: (1) the System is a legally separate entity; (2) the City Commission appoints a voting majority of the Retirement Board; and (3) the City makes contributions to the System on behalf of its participants. Changes in required contributions are subject to collective bargaining agreements and approval by the City of Royal Oak Commission.

The City of Royal Oak *Retiree Health Care Plan* (the Plan) is a single-employer defined benefit postemployment healthcare plan established and administered by the City of Royal Oak to provide medical and healthcare benefits for retirees and their beneficiaries covering certain full-time employees of the City of Royal Oak. The Plan is included as a fiduciary component unit of the City because: (1) the Plan is a legally separate entity; (2) the City Commission appoints a voting majority of the Board; and (3) the City makes contributions to the Plan on behalf of its participants.

### **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, 2022, the City expensed approximately \$5,717,000 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, 2022, the City expensed approximately \$4,451,000 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

### **Government-wide and Fund Financial Statements**

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

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

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those 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 *local street fund* accounts for the cost of the overall planning, administration and oversight of all activities that affect traffic conditions on the city's local street network.

The *state construction code fund* accounts for the administration of the Michigan construction codes and local ordinances to ensure public health, safety, and welfare.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

The *grants fund* accounts for various state and federal grant activity, including the ARPA grant.

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

The *capital projects 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 *pension and OPEB 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.

The *custodial funds* are used to account for monies held by the City in a trustee capacity for individuals, private organizations and other governments, specifically funds from district court fines and costs, property tax collection, and miscellaneous agencies like the Royal Oak Nature Society.

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

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

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

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

#### *Deposits and Investments*

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

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

#### *Leases*

*Lessor.* The City is a lessor for noncancelable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### ***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 acquisition cost 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.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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	3-20
Machinery and equipment	5-25
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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pension and other postemployment benefit liabilities as well as for the deferred charge on refunding. A deferred refunding charge 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.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### *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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its other postemployment benefit liability and leases. The governmental funds also 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. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City's general fund fund balance policy is to maintain unassigned fund balance at ten percent, but no more than twenty-five percent, of budgeted expenditures.

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

### *Pensions and Other Postemployment Benefits*

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 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 City Commission adopts the budget at the functional level for the general fund and at the fund level for special revenue funds.

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 30<sup>th</sup>. The appropriated budget is prepared by fund, activity, (e.g. general government, public safety, etc.) and department. Budget amendments are submitted for Commission approval on a quarterly basis. The Commission makes supplemental budgetary appropriations throughout the year mostly a result of the mid-year review.

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. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### *Expenditures in Excess of Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. Excess of expenditures or transfers out over appropriations in individual funds are as follows:

	Final Budget	Actual	Excess
General fund -			
Public works	\$ 1,817,040	\$ 1,824,618	\$ 7,578
Public safety fund	35,400,340	35,435,672	35,332
Donations fund	23,100	27,457	4,357
Indigent defense fund	576,040	598,406	22,366

#### *Deficit Fund Equity*

The water and sewer enterprise fund reported a deficit in unrestricted net position in the amount of \$3,633,532 at June 30, 2022. The fund had total net position of \$85,706,969, as well as a positive working capital reserve at year end.

The automobile parking system enterprise fund reported a deficit in unrestricted net position in the amount of \$444,581 at June 30, 2022. The fund had total net position of \$17,922,362.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

The recreation administration enterprise fund reported a deficit in unrestricted net position in the amount of \$873,726 at June 30, 2022. The fund had total net position of \$1,839,685, as well as a positive working capital reserve at year end.

The ice arena enterprise fund reported a deficit in unrestricted net position in the amount of \$69,472 at June 30, 2022. The fund had total net position of \$1,357,051, as well as a positive working capital reserve at year end.

### 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's pension and other postemployment benefit trust funds are 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 SEI Investments Company. Retiree healthcare investments are held in trust funds by Fifth Third Bank and PGIM.

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

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and investments	\$ 96,141,546	\$ 2,468,750	\$ 98,610,296
Restricted assets (endowments cash)	1,015	-	1,015
	<u>96,142,561</u>	<u>2,468,750</u>	<u>98,611,311</u>
<b>Statement of Fiduciary Net Position</b>			
Pension and OPEB trust funds -			
Cash and Investments	290,231,818	-	290,231,818
Custodial funds -			
Cash and investments	2,214,600	-	2,214,600
	<u>292,446,418</u>	<u>-</u>	<u>292,446,418</u>
<b>Total</b>	<u>\$ 388,588,979</u>	<u>\$ 2,468,750</u>	<u>\$ 391,057,729</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Deposits and investments

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 44,711,171
<b>Investments:</b>	
<b>Equities:</b>	
Large cap global equities	10,447,030
Large cap domestic equities	44,513,280
Small and mid cap equities	16,801,477
Developed international equities	10,803,954
Emerging markets equities	5,907,041
Bond mutual funds	65,535,193
Equity mutual funds	88,792,672
Other mutual funds	15,409,499
U.S. Agencies	11,880,854
Government bond funds	746,437
Michigan CLASS government investment pool	44,712,715
Real estate	4,929,408
Pooled investment fund:	
SEI Structured Credit Fund	10,474,873
SEI Core Property Collective Fund	14,393,127
SEI Global Private Assets	972,587
Money market funds	21,560
Cash on hand	4,851
<b>Total</b>	<b>\$ 391,057,729</b>

#### Investment and Deposit Risk

**Interest Rate Risk.** Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City's weighted average maturity dates for bond mutual funds are disclosed below:

	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
<b>Bond mutual funds:</b>		
Emerging markets debt	\$ 7,014,847	5.74
High yield	3,106,344	4.30
Core fixed income	26,836,432	6.95
Baird intermediate	20,142,432	4.05
Loomis Sayles	4,218,751	3.90
Pacific funds floating rate	4,216,387	0.38
<b>Total</b>	<b>\$ 65,535,193</b>	

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*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 City's investments in the Michigan CLASS government investment pool were rated AAAm by S&P. The City's investments in mutual funds and government obligations were not rated.

*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, 2022, \$41,923,440 of the City's bank balance of \$44,436,598 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* As of June 30, 2022, the City's investments consisted of equities, mutual funds, government obligations and other assets totaling \$346,341,707. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2022, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

*Fair Value Measurements.* The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the City.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

The City had the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities	\$ 88,472,782	\$ -	\$ -	\$ 88,472,782
Bond mutual funds	65,535,193	-	-	65,535,193
Equity mutual funds	88,792,672	-	-	88,792,672
Other mutual funds	15,409,499	-	-	15,409,499
U.S. agencies	-	11,880,854	-	11,880,854
Government bond funds	746,437	-	-	746,437
SEI global private assets	972,587	-	-	972,587
Real estate	-	-	4,929,408	4,929,408
Money market funds	-	21,560	-	21,560
<b>Total investments at fair value</b>	<b>\$ 259,929,170</b>	<b>\$ 11,902,414</b>	<b>\$ 4,929,408</b>	<b>276,760,992</b>
<b>Investments measured at NAV</b>				
Michigan CLASS investment pool				44,712,715
SEI structured credit fund				10,474,873
SEI core property collective fund				14,393,127
<b>Total investments measured at NAV</b>				<b>69,580,715</b>
<b>Total investments</b>				<b>\$ 346,341,707</b>

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 44,712,715	\$ -	N/A	None
SEI Structured Credit Fund	10,474,873	-	N/A	None
SEI Core Property Collective Fund	14,393,127	-	N/A	None
<b>Total</b>	<b>\$ 69,580,715</b>	<b>\$ -</b>		

The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

The Structured Credit Fund's objective is to generate high total returns. There can be no assurance that the Fund will achieve its objective. The Fund pursues its investment objective by investing in a portfolio comprised of collateralized debt obligations ("CDOs"), which includes collateralized loan obligations ("CLOs") and other structured credit investments. CDOs are special purpose investment vehicles formed to acquire and manage a pool of loans, bonds and/or other fixed income assets of various types. CDOs fund their investments by issuing several classes of debt and equity securities, the repayment of which is linked to the performance of the underlying assets, which serve as collateral for certain securities issued by the CDO. In addition to CDOs, the Fund's investments may include fixed income securities, loan participations, credit-linked notes, medium-term notes, registered and unregistered investment companies or pooled investment vehicles, and derivative instruments, such as credit default swaps and total return swaps (collectively with CDOs, "Structured Credit Investments").

The Core Property Collective Fund is specifically designed for the collective investment of assets of participating tax qualified pension and profit sharing plans and related Trusts, and governmental plans (or the assets of a governmental unit used to satisfy its obligations under a governmental plan). This collective plan allows SEI to serve as an ERISA fiduciary both with respect to the allocation of plan assets to the collective plan and with respect to all investment decisions within the collective plan. The SEI Core Property Collective Fund is established by SEI Trust Company, a Trust company organized under the laws of the Commonwealth of Pennsylvania. The Trustee declares that it will hold, manage and administer all money and property contributed to the collective plan. This collective plan shall be administered in accordance with the United States Comptroller of the Currency regulations at 12 CFR § 9.18(a)(2) relating to the collective investment of employee benefit assets by national banking associations, except as otherwise modified by the rules of the Pennsylvania Department of Banking.

### 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	\$ 1,154,098	\$ 8,524,934	\$ -	\$ -
Loans	2,626,943	-	-	2,626,943
Taxes (current)	-	-	2,512	-
Taxes (delinquent)	147,393	5,990	70,815	-
Special assessments	958,030	-	-	495,246
Leases	2,332,078	642,653	-	2,805,012
Intergovernmental	2,910,537	863,368	-	863,368
Interest and other	127,560	-	58,646	-
Less: allowance for uncollectibles	(79,860)	(3,154)	(45,025)	-
	<u>\$ 10,176,779</u>	<u>\$ 10,033,791</u>	<u>\$ 86,948</u>	<u>\$ 6,790,569</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### *Leases Receivable*

The City is involved in eight agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2022 was \$254,603.

#### Asset Type

Land and buildings 2 to 29 years

	Remaining Term of Agreements			
Asset Type	Beginning Balance	Additions	Deductions	
Leases receivable	\$ 3,136,951	\$ -	\$ (162,220)	\$ 2,974,731

### 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, was as follows:

	Due from Other Funds	Due to Other Funds
General	\$ 266,978	\$ -
Nonmajor governmental funds	<u>-</u>	<u>266,978</u>
	<u>\$ 266,978</u>	<u>\$ 266,978</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$5,125,217. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Transfers Out	Transfers In					Nonmajor Governmental Funds
	General	Public Safety	Local Streets	Grants		
General fund	\$ -	\$ 21,500,000	\$ -	\$ 42,000	\$ 4,209,353	
Local streets	-	-	-	-	-	
State construction code	-	-	-	-	-	4,000
Nonmajor governmental funds	300	-	366,007	29,595	44,136	
Water and sewer fund	-	-	-	-	-	4,000
Nonmajor enterprise funds	-	-	-	-	-	4,000
	<u>\$ 300</u>	<u>\$ 21,500,000</u>	<u>\$ 366,007</u>	<u>\$ 71,595</u>	<u>\$ 4,265,489</u>	

Transfers Out	Transfers In		
	Water & Sewer Fund	Internal Service Funds	Total
General fund	\$ -	\$ 47,500	\$ 25,798,853
Local streets	-	15,000	15,000
State construction code	-	-	4,000
Nonmajor governmental funds	29,670	35,000	504,708
Water and sewer fund	-	77,500	81,500
Nonmajor enterprise funds	-	-	4,000
	<u>\$ 29,670</u>	<u>\$ 175,000</u>	<u>\$ 26,408,061</u>

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

During the year, the City transferred funds primarily to: (1) move unrestricted revenues from the general fund to finance activities of the public safety fund and other nonmajor funds; and (2) transfer resources to the capital projects fund to finance ongoing construction.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 7. CAPITAL ASSETS

##### Primary Government

Capital asset activity for the current year was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 66,774,752	\$ -	\$ -	\$ -	\$ 66,774,752
Construction in progress	36,052,770	16,535,918	-	(34,409,775)	18,178,913
	<u>102,827,522</u>	<u>16,535,918</u>	<u>-</u>	<u>(34,409,775)</u>	<u>84,953,665</u>
Capital assets, being depreciated:					
Buildings	62,294,208	89,600	(17,558)	850,060	63,216,310
Improvements other than buildings	7,625,992	470,584	(38,486)	17,134,205	25,192,295
Machinery and equipment	23,299,401	2,657,586	(1,231,514)	319,065	25,044,538
Infrastructure	155,738,147	720,758	(7,020)	16,106,445	172,558,330
Intangibles	114,143	-	-	-	114,143
	<u>249,071,891</u>	<u>3,938,528</u>	<u>(1,294,578)</u>	<u>34,409,775</u>	<u>286,125,616</u>
Less accumulated depreciation for:					
Buildings	(16,345,366)	(1,317,495)	17,558	-	(17,645,303)
Improvements other than buildings	(3,814,051)	(255,067)	38,486	-	(4,030,632)
Machinery and equipment	(15,475,649)	(1,716,865)	1,231,514	-	(15,961,000)
Infrastructure	(75,114,262)	(2,433,143)	7,020	-	(77,540,385)
Intangibles	(100,748)	(10,618)	-	-	(111,366)
	<u>(110,850,076)</u>	<u>(5,733,188)</u>	<u>1,294,578</u>	<u>-</u>	<u>(115,288,686)</u>
Total capital assets being depreciated, net	<u>138,221,815</u>	<u>(1,794,660)</u>	<u>-</u>	<u>34,409,775</u>	<u>170,836,930</u>
<b>Governmental activities</b>					
<b>capital assets, net</b>	<b>\$ 241,049,337</b>	<b>\$ 14,741,258</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 255,790,595</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 8,902,503	\$ -	\$ -	\$ -	\$ 8,902,503
Construction in progress	8,924,824	4,023,892	-	(7,716,131)	5,232,585
	<u>17,827,327</u>	<u>4,023,892</u>	<u>-</u>	<u>(7,716,131)</u>	<u>14,135,088</u>
Capital assets, being depreciated:					
Buildings	64,248,798	-	-	-	64,248,798
Improvements other than buildings	302,575	-	-	255,571	558,146
Machinery and equipment	1,761,036	-	(11,560)	-	1,749,476
Infrastructure	<u>146,212,358</u>	<u>-</u>	<u>(16,201)</u>	<u>7,460,560</u>	<u>153,656,717</u>
	<u>212,524,767</u>	<u>-</u>	<u>(27,761)</u>	<u>7,716,131</u>	<u>220,213,137</u>
Less accumulated depreciation for:					
Buildings	(19,948,047)	(1,439,414)	-	-	(21,387,461)
Improvements other than buildings	(278,153)	(5,142)	-	-	(283,295)
Machinery and equipment	(1,360,820)	(42,573)	11,560	-	(1,391,833)
Infrastructure	<u>(58,602,700)</u>	<u>(3,275,792)</u>	<u>16,201</u>	<u>-</u>	<u>(61,862,291)</u>
	<u>(80,189,720)</u>	<u>(4,762,921)</u>	<u>27,761</u>	<u>-</u>	<u>(84,924,880)</u>
Total capital assets being depreciated, net	<u>132,335,047</u>	<u>(4,762,921)</u>	<u>-</u>	<u>7,716,131</u>	<u>135,288,257</u>
<b>Business-type activities capital assets, net</b>	<b>\$ 150,162,374</b>	<b>\$ (739,029)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 149,423,345</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

#### Depreciation of governmental activities by function

General government	\$ 556,215
Public safety	691,746
Public works	2,436,931
Recreation and culture	546,673
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,501,623</u>

#### Total depreciation expense - governmental activities

\$ 5,733,188

#### Depreciation of business-type activities by function

Water and sewer	\$ 3,275,698
Parking	1,236,158
Recreation	87,765
Ice arena	104,557
Farmers market	<u>58,743</u>

#### Total depreciation expense - business-type activities

\$ 4,762,921

#### Construction Commitments

The City has active construction projects as of June 30, 2022. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Buildings	\$ 175,611	\$ 39,904
Roads	23,824,094	6,858,916
Sidewalks	2,517,506	903,729
Water and Sewer projects	<u>9,541,447</u>	<u>4,271,992</u>
Total	<u>\$ 36,058,658</u>	<u>\$ 12,074,541</u>

Oakland County has a major contract on the George W. Kuhn project. Of the amount spent to date, approximately \$38,950,000 is attributable to the City.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - TIFA</b>				
Capital assets, not being depreciated -				
Land	\$ 842,975	\$ -	\$ -	\$ 842,975
Capital assets, being depreciated:				
Improvements other				
than buildings	1,525,821	-	-	1,525,821
Infrastructure	381,083	-	-	381,083
	1,906,904	-	-	1,906,904
Less accumulated depreciation for:				
Improvements other				
than buildings	(1,038,234)	(65,269)	-	(1,103,503)
Infrastructure	(368,044)	(13,039)	-	(381,083)
	(1,406,278)	(78,308)	-	(1,484,586)
Total capital assets being depreciated, net	500,626	(78,308)	-	422,318
<b>Component unit - TIFA</b> <b>capital assets, net</b>	<u>\$ 1,343,601</u>	<u>\$ (78,308)</u>	<u>\$ -</u>	<u>\$ 1,265,293</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 8. LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities, as well as to finance unfunded pension and other postemployment liabilities. 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
<b>Governmental Activities</b>					
Bonds payable	\$ 132,755,008	\$ -	\$ (7,579,203)	\$ 125,175,805	\$ 7,124,800
Unamortized premium	2,641,750	-	(137,084)	2,504,666	131,615
Compensated absences	3,997,690	2,578,694	(2,568,729)	4,007,655	2,006,004
General liability claims	1,041,980	655,326	(164,326)	1,532,980	766,490
Workers compensation	161,604	6,388	(71,288)	96,704	48,352
<b>Total governmental activities</b>	<b>\$ 140,598,032</b>	<b>\$ 3,240,408</b>	<b>\$ (10,520,630)</b>	<b>\$ 133,317,810</b>	<b>\$ 10,077,261</b>
<b>Business-type Activities</b>					
Bonds payable	\$ 47,266,994	\$ -	\$ (3,544,795)	\$ 43,722,199	\$ 3,658,200
Unamortized premium	538,406	-	(77,676)	460,730	77,675
Notes from direct borrowings and direct placements	6,802,767	-	(2,265,183)	4,537,584	1,833,864
Compensated absences	248,921	152,135	(161,670)	239,386	120,000
<b>Total business-type activities</b>	<b>\$ 54,857,088</b>	<b>\$ 152,135</b>	<b>\$ (6,049,324)</b>	<b>\$ 48,959,899</b>	<b>\$ 5,689,739</b>
<b>Component Units</b>					
Compensated absences	\$ 10,503	\$ 7,108	\$ (5,284)	\$ 12,327	\$ 6,000

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$157,708 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Pledged Revenues

**Parking.** The City has pledged future parking revenues, net of specified operating expenses, to repay \$13.5 million in parking revenue bonds issued in December 2016 and \$16.325 million in parking revenue bonds issued in May 2018. Proceeds from the bonds provided financing for the construction of the Parking Structure. The bonds are payable solely from parking customer net revenues and are payable through October 2031 for the 2016 bonds and October 2026 for the 2018 bonds. The total principal and interest paid for the current year and total customer net revenues were \$2,576,791 and \$1,563,018, respectively.

#### Governmental activities - bonds payable

2014 Capital Improvement Refunding Bonds; \$2,053,000 at issuance; payable in annual installments of \$232,000 to \$283,000; interest payable semi-annually at 2.30% through June 2023	\$ 283,000
2016 Court Building Authority Refunding Bonds; \$3,258,678 at issuance; payable in annual installments of \$381,876 to \$447,570; interest payable semi-annually at 4.00% to 4.75% through May 2024	874,535
2016 Capital Improvement Refunding Bonds; \$432,933 at issuance; payable in annual installments of \$30,904 to \$45,557; interest payable semi-annually at 4.00% to 6.25% through October 2028	303,791
2017 Series A Other Postemployment Benefits Bonds; \$95,290,341 at issuance; payable in annual installments of \$2,916,043 to \$6,618,383; interest payable semi-annually at 1.163% to 4.524% through October 2037	78,575,889
2017 Series B Pension Bonds; \$18,484,744 at issuance; payable in annual installments of \$566,134 to \$1,285,035; interest payable semi-annually at 1.163% to 4.524% through October 2037	13,403,590
2018 Road Improvements Bonds; \$8,500,000 at issuance; payable in annual installments of \$1,150,000 to \$1,250,000; interest payable semi-annually at 2.100% through May 2024	2,500,000
2018 Capital Improvement Bonds; \$32,465,000 at issuance; payable in annual installments of \$740,000 to \$2,105,000; interest payable semi-annually at 3.625% to 5.000% through June 2043	<u>29,235,000</u>
<b>Total governmental activities bonds payable</b>	<b><u>\$ 125,175,805</u></b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Business-type activities bonds payable and contractual obligations

##### Business-type activities - bonds payable

2016 Capital Improvement Refunding Bonds; \$2,510,000 at issuance; payable in annual installments of \$130,000 to \$310,000; interest payable semi-annually at 3.50% to 4.30% through May 2026	\$ 1,089,978
2016 Capital Improvement Refunding Bonds; \$4,926,473 at issuance; payable in annual installments of \$71,368 to \$533,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	3,436,926
2016 Capital Improvement Refunding Bonds; \$2,225,596 at issuance; payable in annual installments of \$71,368 to \$533,000; interest payable semi-annually at 4.00% to 6.25% through October 2028	1,554,285
2016 Capital Improvement Refunding Bonds; \$3,941,422 at issuance; payable in annual installments of \$366,124 to \$410,000; interest payable semi-annually at 4.00% to 4.375% through October 2026	1,665,465
2016 Series B Parking System Revenue Bonds; \$13,500,000 at issuance; payable in annual installments of \$675,000 to \$1,165,000; interest payable semi-annually at 3.700% through October 2031	9,845,000
2017 Series A Other Postemployment Benefits Bonds; \$10,749,659 at issuance; payable in annual installments of \$328,957 to \$746,617; interest payable semi-annually at 1.163% to 4.524% through October 2037	8,864,136
2017 Series B Pension Bonds; \$2,085,254 at issuance; payable in annual installments of \$63,866 to \$144,967; interest payable semi-annually at 1.163% to 4.524% through October 2037	3,556,409
2018 Parking System Revenue Bonds; \$16,325,000 at issuance; payable in annual installments of \$840,000 to \$1,375,000; interest payable semi-annually at 3.551% through October 2026	13,710,000
	<hr/> <u>43,722,199</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### **Business-type activities - contractual obligations**

* 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	\$ 2,942,839
* 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	77,494
* 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	101,855
* 2016 Drain Refunding Bonds; \$2,156,828 at issuance; payable in annual installments of \$154,887 to \$314,115; interest payable semi-annually at 4.25% to 4.38% through October 2024	321,354
* 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	173,517
* 2008 George W. Kuhn Drainage District, Series H; \$7,450,000 at issuance; payable in annual installments of \$88,229 to \$141,167; interest payable semi-annually at 2.50% through April 2029	<u>920,525</u>
	<u>4,537,584</u>
<b>Total business-type activities bonds payable and contractual obligations</b>	<b><u>\$ 48,259,783</u></b>

\* Debt related to financing George W. Kuhn Drainage District capital improvements project.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities			Business-type Activities				Notes from Direct Borrowings and Direct Placements	
	Bonds Payable		Bonds Payable						
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2023	\$ 7,124,800	\$ 4,871,529	\$ 3,658,200	\$ 1,441,208	\$ 1,833,864	\$ 134,112			
2024	7,043,326	4,655,573	3,781,674	1,327,535	1,860,740	86,607			
2025	5,530,914	4,436,595	3,899,086	1,208,854	182,340	19,591			
2026	5,737,715	4,241,554	4,002,284	1,079,026	187,143	15,509			
2027	5,958,806	4,032,728	3,431,194	954,978	164,694	11,323			
2028-2032	33,476,645	16,531,883	16,618,361	3,006,829	308,803	10,992			
2033-2037	41,335,079	9,015,069	7,284,921	772,872	-	-			
2038-2042	16,863,520	719,621	1,046,479	23,671	-	-			
2043	2,105,000	105,250	-	-	-	-			
	<u>\$ 125,175,805</u>	<u>\$ 48,609,802</u>	<u>\$ 43,722,199</u>	<u>\$ 9,814,973</u>	<u>\$ 4,537,584</u>	<u>\$ 278,134</u>			

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

*Obligations for George W. Kuhn Project.* The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through the sale of drain bonds, draw downs from the State of Michigan revolving fund, federal and state grants, and contributions from Oakland County. The City and 13 other local communities are obligated for the payment of principal and interest of the outstanding debt. It is currently anticipated that the City's obligation at the end of construction will be approximately \$38,950,000 with an interest rate of 1.63-4.38%. As of June 30, 2022, the City's obligation is \$4,537,584 in principal.

#### Legal Debt Limit

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current legal debt limitation for the City is \$391,257,349 (10 percent of \$3,912,573,490 assessed valuation). The City's total debt subject to the 10 percent legal limit amounts to \$148,143,165 or 3.8 percent.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 9. RISK MANAGEMENT

The City 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 \$500,000 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 \$750,000. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the reported liability for the fiscal years 2021 and 2022 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2021	\$ 1,219,450	\$ 170,474	\$ (347,944)	\$ 1,041,980
2022	1,041,980	655,326	(164,326)	1,532,980

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.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

Changes in the reported liability for the fiscal years 2021 and 2022 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2021	\$ 574,598	\$ 74,239	\$ (487,233)	\$ 161,604
2022	161,604	6,388	(71,288)	96,704

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 2021 and 2022 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2021	\$ 300,268	\$ 10,082,519	\$ (10,082,787)	\$ 300,000
2022	300,000	11,334,210	(11,314,210)	320,000

### 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.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 11. EMPLOYEES' RETIREMENT SYSTEM

#### *General Information about the Pension Plan*

*Plan Description.* The City contributes to the City of Royal Oak Retirement System, which is the administrator of a single-employer defined benefit pension plan that covers all full-time employees of the City. The System provides retirement, disability and death benefits to plan members and their beneficiaries; it does not provide for cost of living benefit adjustments. Management of the System is vested in the Retirement Board of the City of Royal Oak, which consists of five members: two members of the City Commission that are appointed by and serve at the pleasure of the City Commission, the City Manager of the City, one general member of the System that is elected by the general members and one fire or police member of the System that is elected by the fire and police members. The System is included in the City's financial statements as a pension trust fund. Separate financial statements are not issued for the Plan.

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

*Rate of Return.* For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (12.42)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

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

Final Average Compensation (FAC) is the highest two consecutive years out of the last ten for general employees. For police and fire employees, FAC is the highest two consecutive years out of the last ten hired before May 30, 2012 and September 30, 2009 respectively and for those hired after FAC is based on the highest three consecutive years out of the last ten. Deferred retirement benefits vest after five years of service for general employees and ten years of service for police and fire employees. Deferred benefits are not paid until the years of service and age requirements are met.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Contributions.* The obligation to contribute to the System for these employees was established by City ordinance and through negotiations with the employees' collective bargaining units. Employees are required to contribute 4.0 to 7.0 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates.

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

\* The benefit multiplier noted is used up to 75%, after which a 1.0% multiplier is used up to 80%

*Membership.* At June 30, 2021 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits	541
Terminated employees entitled to benefits but not yet receiving them	22
Current full-time employees	<u>199</u>
Total members	<u><u>762</u></u>

*Reserves.* In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2022 is as follows:

Reserve / Group	Balance
Police and fire members benefit fund	\$ 117,791,507
General members benefit fund	102,355,124
Undistributed investment income fund	(68,465,996)

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Net Pension Liability.* The City's net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.0-5.2 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation
Mortality rates	Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period 2012 through 2017.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
S&P 500 index	25.00%	5.50%	1.38%
US small/mid cap equity index	8.00%	5.50%	0.44%
World equity ex-US	23.00%	6.82%	1.57%
Emerging markets equity	4.00%	7.17%	0.29%
US high yield	2.00%	5.32%	0.11%
Emerging markets debt	3.00%	6.25%	0.19%
Core fixed income	17.00%	4.04%	0.69%
Private real estate	8.00%	4.80%	0.38%
Structured credit	5.00%	8.02%	0.40%
Global private assets	5.00%	10.11%	0.51%
	100.00%		5.96%
Inflation			2.50%
Risk adjustments			-1.21%
<b>Investment rate of return</b>			<b>7.25%</b>

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. 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 these 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.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 251,770,959	\$ 182,401,892	\$ 69,369,067
Changes for the year:			
Service cost	2,974,594	-	2,974,594
Interest	17,674,289	-	17,674,289
Differences between expected and actual experience	2,647,052	-	2,647,052
Employer contributions	-	8,678,372	(8,678,372)
Employee contributions	-	894,197	(894,197)
Employee service purchases	-	708,859	(708,859)
Net investment loss	-	(21,992,420)	21,992,420
Benefit payments, including refunds of employee contributions	(18,949,950)	(18,949,950)	-
Administrative expense	-	(60,315)	60,315
Net changes	4,345,985	(30,721,257)	35,067,242
<b>Balances at June 30, 2022</b>	<b>\$ 256,116,944</b>	<b>\$ 151,680,635</b>	<b>\$ 104,436,309</b>

The City's net pension liability is presented in the government-wide statement of net position as follows:

Governmental activities	\$ 103,365,127
Business-type activities	996,908
Component units	74,274
<b>Total net pension liability</b>	<b>\$ 104,436,309</b>

*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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 132,183,978	\$ 104,436,309	\$ 81,101,164

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Pension Expense and Deferred Outflows of Resources Related to Pensions.* For the year ended June 30, 2022, the City recognized pension expense of \$11,240,053. At June 30, 2022, the City reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Difference between expected and actual experience	\$ 2,706,876
Net difference between projected and actual earnings on pension plan investments	<u>11,867,141</u>
<b>Total</b>	<b><u>\$ 14,574,017</u></b>

The City's deferred outflows of resources related to pensions is presented in the government-wide statement of net position as follows:

Deferred Outflows of Resources	
Governmental activities	\$ 14,424,535
Business-type activities	139,117
Component units	<u>10,365</u>
<b>Total</b>	<b><u>\$ 14,574,017</u></b>

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

Year Ended June 30,	Amount
2023	\$ 4,407,993
2024	2,619,662
2025	566,283
2026	<u>6,980,079</u>
<b>Total</b>	<b><u>\$ 14,574,017</u></b>

*Payable to the Pension Plan.* At June 30, 2022, the City had no amount payable to the pension plan.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 12. OTHER POSTEMPLOYMENT BENEFITS

#### *General Information about the OPEB Plan*

*Plan Description.* The City administers a single-employer defined-benefit other postemployment benefits plan (the "Retiree Health Fund" or RHF), established under State of Michigan Public Act 149 of 1999. All divisions of the plan are closed to new hires in years 2006 to 2009, based on bargaining unit/group. The City Commission has the authority to establish and amend the benefit terms.

*Benefits Provided.* The City provides postemployment health and dental care benefits, as per the requirements of union contracts, for certain retirees and their dependents. The benefits vary depending on a retiree's years of service and the union contract under which they retired. 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.

*Employees Covered by Benefit Terms.* At June 30, 2020 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	438
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>118</u>
<b>Total membership</b>	<b><u>557</u></b>

*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, 2022. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2022, 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. Annual contribution rates are actuarially determined. Active service members and retired members or their beneficiaries are not required to contribute to the plan. For the year ended June 30, 2022, the City contributed \$1,535,406.

*Rate of Return.* For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (7.87)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### *Net OPEB Liability*

The City's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2022.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2020 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0% to 5.2%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based tables that are specific to the type of eligibility condition
Healthcare cost trend rate	Pre-65: 7.50% trend for the first year, gradually decreasing to 3.25% in year 12. Post-65: 6.25% trend for the first year, gradually decreasing to 3.25% in year 12.
Mortality rates	Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 2012 through 2017.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic large cap	30.00%	5.73%	1.72%
Domestic small/mid	15.00%	6.53%	0.98%
International developed	15.00%	6.22%	0.93%
International emerging	5.00%	8.22%	0.41%
Domestic fixed income	15.00%	1.20%	0.18%
Real estate	10.00%	4.87%	0.49%
Private equity	10.00%	10.05%	1.01%
	<hr/> <u>100.00%</u>		5.72%
Inflation			2.45%
Risk adjustments			<u>-0.92%</u>
<b>Investment rate of return</b>			<b><u>7.25%</u></b>

*Discount Rate.* The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Changes in the Net OPEB Liability (Asset).* The components of the change in the net OPEB liability (asset) are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	<u>\$ 147,737,652</u>	<u>\$ 156,774,211</u>	<u>\$ (9,036,559)</u>
Changes for the year:			
Service cost	682,280	-	682,280
Interest on total OPEB liability	10,455,360	-	10,455,360
Differences between expected and actual experience	(1,481,728)	-	(1,481,728)
Changes in assumptions	-	-	-
Employer contributions	-	1,535,406	(1,535,406)
Net investment loss	-	(12,031,582)	12,031,582
Benefit payments	(7,733,894)	(7,733,894)	-
Administrative expense	-	(21,973)	21,973
Net changes	<u>1,922,018</u>	<u>(18,252,043)</u>	<u>20,174,061</u>
<b>Balances at June 30, 2022</b>	<b><u>\$ 149,659,670</u></b>	<b><u>\$ 138,522,168</u></b>	<b><u>\$ 11,137,502</u></b>

The City's net OPEB liability is presented in the government-wide statement of net position as follows:

Governmental activities	\$ 10,114,614
Business-type activities	952,849
Component units	<u>70,039</u>
<b>Total net OPEB liability</b>	<b><u>\$ 11,137,502</u></b>

*Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate.* The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net OPEB liability (asset)	\$ 28,151,200	\$ 11,137,502	\$ (3,070,285)

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate Assumption.* The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50% decreasing to 2.25%) or 1% higher (8.50% decreasing to 4.25%) than the current healthcare cost trend rates:

	1% Decrease (6.50% Decreasing to 2.25%)	Healthcare Cost Trend Rates (7.50% Decreasing to 3.25%)	1% Increase (8.50% Decreasing to 4.25%)
City's net OPEB liability (asset)	\$ (5,785,979)	\$ 11,137,502	\$ 31,398,464

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 13.

#### ***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,742,462. At June 30, 2022, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (389,653)	\$ (389,653)
Net difference between projected and actual earnings on OPEB plan investments	<u>6,516,377</u>	<u>-</u>	<u>6,516,377</u>
<b>Total</b>	<b>\$ 6,516,377</b>	<b>\$ (389,653)</b>	<b>\$ 6,126,724</b>

The City's deferred outflows/inflows of resources related to OPEB is presented in the government-wide statement of net position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 5,917,903	\$ (353,867)	\$ 5,564,036
Business-type activities	557,496	(33,336)	524,160
Component units	40,978	(2,450)	38,528
<b>Total</b>	<b>\$ 6,516,377</b>	<b>\$ (389,653)</b>	<b>\$ 6,126,724</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Amount
2022	\$ 1,243,610
2023	941,471
2024	(748,450)
2025	<u>4,690,093</u>
<b>Total</b>	<b><u>\$ 6,126,724</u></b>

*Payable to the OPEB Plan.* At June 30, 2022, the City had no amount payable to the OPEB plan.

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

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
<b>Assets</b>			
Cash and investments	\$ 348,634	\$ 156,604	\$ 505,238
Investments, at fair value:			
Mutual funds	125,750,296	48,596,588	174,346,884
Equities	-	88,792,672	88,792,672
Government obligations	-	746,437	746,437
Other assets	25,840,587	-	25,840,587
Receivables, net	<u>81,653</u>	<u>269,248</u>	<u>350,901</u>
<b>Total assets</b>	<b><u>152,021,170</u></b>	<b><u>138,561,549</u></b>	<b><u>290,582,719</u></b>
<b>Liabilities</b>			
Accounts payable	<u>340,535</u>	<u>39,381</u>	<u>379,916</u>
<b>Net position</b>			
Restricted for:			
Employees' pension benefits	151,680,635	-	151,680,635
Other postemployment benefits	<u>-</u>	<u>138,522,168</u>	<u>138,522,168</u>
<b>Total net position</b>	<b><u>\$ 151,680,635</u></b>	<b><u>\$ 138,522,168</u></b>	<b><u>\$ 290,202,803</u></b>

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### Additions

#### Contributions:

	Pension Trust Fund	Retiree Health Trust Fund	Total
Employer	\$ 8,678,372	\$ 1,535,406	\$ 10,213,778
Plan members	894,197	-	894,197
Employee service purchases	708,859	-	708,859
<b>Total contributions</b>	<b>10,281,428</b>	<b>1,535,406</b>	<b>11,816,834</b>

#### Investment earnings (loss):

Net change in fair value of investments	(24,370,069)	(16,520,542)	(40,890,611)
Interest	-	50,541	50,541
Dividends	3,330,869	5,302,847	8,633,716
Other investment revenues	248	268,515	268,763
<b>Total investment loss</b>	<b>(21,038,952)</b>	<b>(10,898,639)</b>	<b>(31,937,591)</b>
Less: investment expense	953,468	1,132,943	2,086,411
<b>Net investment loss</b>	<b>(21,992,420)</b>	<b>(12,031,582)</b>	<b>(34,024,002)</b>

### Total additions (net of investment loss)

**(11,710,992)**    **(10,496,176)**    **(22,207,168)**

### Deductions

Benefits	18,354,657	7,733,894	26,088,551
Refund of contributions	595,293	-	595,293
Administrative expenses	60,315	21,973	82,288
<b>Total deductions</b>	<b>19,010,265</b>	<b>7,755,867</b>	<b>26,766,132</b>

### Change in net position

**(30,721,257)**    **(18,252,043)**    **(48,973,300)**

### Net position, beginning of year

**182,401,892**    **156,774,211**    **339,176,103**

### Net position, end of year

**\$ 151,680,635**    **\$ 138,522,168**    **\$ 290,202,803**

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 14. DEFINED CONTRIBUTION PENSION PLAN

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

Bargaining Unit	Date	City Contribution	Employee Contribution
Executive department heads	May 1, 2008	9%	5%
Department heads and deputies	July 1, 2008	9%	5%
Technical and professional	July 1, 2007	9%	5%
Foreman and supervisors	July 1, 2006	9%	5%
SEIU	July 1, 2006	9%	5%
AFSCME	July 1, 2006	9%	5%

Uniformed groups (police and fire) do not have a defined contribution plan for their new hires. Instead, they increased the employees 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, 2022, there were 144 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, 2022, were \$392,591 by the employees and \$703,946 by the City.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2022, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 84,953,665	\$ 14,135,088	\$ 842,975
Capital assets being depreciated, net	170,836,930	135,288,257	422,318
	<u>255,790,595</u>	<u>149,423,345</u>	<u>1,265,293</u>
Related debt:			
Bonds payable	125,175,805	43,722,199	-
Contractual obligations	-	4,537,584	-
Less: pension and OPEB bonds	(91,979,479)	(12,420,545)	-
Bond premium	2,504,666	460,730	-
Deferred charge on refunding	(53,365)	(605,227)	-
Construction related payables	3,100,689	787,352	-
	<u>38,748,316</u>	<u>36,482,093</u>	<u>-</u>
<b>Net investment in capital assets</b>	<b>\$ 217,042,279</b>	<b>\$ 112,941,252</b>	<b>\$ 1,265,293</b>

### 16. TAX ABATEMENTS

The City received reduced property tax revenues during 2022 as a result of brownfield redevelopment agreements entered into by the City.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$313,000 in reduced City tax revenues for 2022.

### 17. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the City has been awarded funds from various sources to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, \$358,341 was expended and recognized as revenue during the current fiscal year. In addition, approximately \$13.7 million received through the State and Local Fiscal Recovery Fund has been reported as unearned revenue and is available to spend at year end. At this time, management does not believe that any ongoing negative financial impact related to the pandemic, if any, would be material to the City.





## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System

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

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
<b>Change in total pension liability</b>					
Service cost	\$ 2,974,594	\$ 2,943,285	\$ 3,072,854	\$ 2,679,699	\$ 2,591,005
Interest	17,674,289	17,346,377	17,159,438	16,458,436	16,218,308
Changes of benefit terms	-	-	-	-	238,261
Differences between expected and actual experience	2,647,052	3,370,274	1,271,724	1,891,039	1,332,879
Changes in assumptions	-	-	-	21,018,018	-
Benefit payments, including refunds of member contributions	(18,949,950)	(19,355,449)	(18,366,037)	(17,491,531)	(17,237,196)
Other changes	-	-	-	-	37,994
<b>Net change in total pension liability</b>	<b>4,345,985</b>	<b>4,304,487</b>	<b>3,137,979</b>	<b>24,555,661</b>	<b>3,181,251</b>
<b>Total pension liability, beginning</b>	<b>251,770,959</b>	<b>247,466,472</b>	<b>244,328,493</b>	<b>219,772,832</b>	<b>216,591,581</b>
<b>Total pension liability, ending (a)</b>	<b>256,116,944</b>	<b>251,770,959</b>	<b>247,466,472</b>	<b>244,328,493</b>	<b>219,772,832</b>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	8,678,372	8,404,994	8,575,466	6,125,484	5,878,213
Contributions - member	894,197	893,838	914,884	943,151	937,300
Employee service purchases	708,859	-	105,389	102,167	170,616
Net investment income (loss)	(21,992,420)	42,574,039	4,488,484	8,537,229	11,535,933
Benefit payments, including refunds of member contributions	(18,949,950)	(19,355,449)	(18,367,647)	(17,491,531)	(17,237,196)
Administrative expense	(60,315)	(59,468)	(78,213)	(109,517)	(57,159)
<b>Net change in plan fiduciary net position</b>	<b>(30,721,257)</b>	<b>32,457,954</b>	<b>(4,361,637)</b>	<b>(1,893,017)</b>	<b>1,227,707</b>
<b>Plan fiduciary net position, beginning</b>	<b>182,401,892</b>	<b>149,943,938</b>	<b>154,305,575</b>	<b>156,198,592</b>	<b>154,970,885</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>151,680,635</b>	<b>182,401,892</b>	<b>149,943,938</b>	<b>154,305,575</b>	<b>156,198,592</b>
<b>City's net pension liability, ending (a)-(b)</b>	<b>\$ 104,436,309</b>	<b>\$ 69,369,067</b>	<b>\$ 97,522,534</b>	<b>\$ 90,022,918</b>	<b>\$ 63,574,240</b>
Plan fiduciary net position as a percentage of the total pension liability	59.22%	72.45%	60.59%	63.15%	71.07%
Covered payroll	\$ 18,715,849	\$ 18,814,459	\$ 18,916,060	\$ 18,517,659	\$ 18,885,808
City's net pension liability as a percentage of covered payroll	558.01%	368.70%	515.55%	486.15%	336.62%

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

The 2019 assumption changes resulted from a change in the investment rate of return from 7.75% to 7.25%, the mortality assumption was adjusted, rates of retirement were increased for the Police and Fire groups and Police service aids, rates of turnover were lowered for the Police and Fire group, the merit and longevity rates of salary increase were lowered for all groups, the load in final average compensation for unused sick and vacation time was increased from 7% to 10% for Police and Fire groups and the load associated with the annuity withdrawal option was increased from 3% to 5% for all groups.

Fiscal Year Ended June 30,				
2017	2016	2015	2014	
\$ 2,517,235	\$ 2,542,348	\$ 2,555,924	\$ 2,485,567	
15,789,346	15,445,529	15,214,726	15,021,782	
-	-	96,556	-	
3,951,131	2,710,293	903,595	-	
-	-	-	-	
(16,388,754)	(16,109,768)	(15,462,071)	(14,643,773)	
53,367	-	-	-	
<u>5,922,325</u>	<u>4,588,402</u>	<u>3,308,730</u>	<u>2,863,576</u>	
<u>210,669,256</u>	<u>206,080,854</u>	<u>202,772,124</u>	<u>199,908,548</u>	
<u>216,591,581</u>	<u>210,669,256</u>	<u>206,080,854</u>	<u>202,772,124</u>	
 28,605,368	 7,034,692	 7,098,292	 6,539,504	
952,984	1,157,297	981,785	1,603,847	
111,902	-	-	-	
16,766,006	(3,312,904)	4,465,722	21,788,939	
(16,388,754)	(16,109,768)	(15,462,070)	(14,644,935)	
(71,470)	(99,672)	(71,374)	(49,691)	
<u>29,976,036</u>	<u>(11,330,355)</u>	<u>(2,987,645)</u>	<u>15,237,664</u>	
<u>124,994,849</u>	<u>136,325,204</u>	<u>139,312,849</u>	<u>124,075,185</u>	
<u>154,970,885</u>	<u>124,994,849</u>	<u>136,325,204</u>	<u>139,312,849</u>	
<u><u>\$ 61,620,696</u></u>	<u><u>\$ 85,674,407</u></u>	<u><u>\$ 69,755,650</u></u>	<u><u>\$ 63,459,275</u></u>	
 71.55%	 59.33%	 66.15%	 68.70%	
\$ 16,079,024	\$ 15,845,062	\$ 15,391,242	\$ 15,296,167	
 383.24%	 540.70%	 453.22%	 414.87%	

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System

##### Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2014	\$ 6,480,707	\$ 6,539,504	\$ (58,797)	\$ 15,296,167	42.8%
2015	6,891,898	7,098,292	(206,394)	15,391,242	46.1%
2016	6,852,495	7,034,692	(182,197)	15,845,062	44.4%
2017	7,178,082	28,605,368	(21,427,286)	16,079,024	177.9%
2018	5,878,213	5,878,213	-	18,885,808	31.1%
2019	6,125,484	6,125,484	-	18,517,659	33.1%
2020	8,575,466	8,575,466	-	18,916,060	45.3%
2021	8,404,994	8,404,994	-	18,814,459	44.7%
2022	8,678,372	8,678,372	-	18,715,849	46.4%

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

#### Notes to Schedule of Contributions

Valuation Date	June 30, 2021 (for determination of employer contributions for the 2022 fiscal year)
Notes	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	General: Level dollar amount, closed Police and Fire: Level percent of payroll, closed
Remaining amortization period	General: 18 years, closed Police and Fire: 23 years, closed
Asset valuation method	4-year smooth market
Inflation	3.00%
Salary increases	3.0% - 5.2%
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012 - 2017. Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Mortality	

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System

##### Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
2014	17.98%
2015	3.24%
2016	-2.39%
2017	13.09%
2018	7.75%
2019	5.84%
2020	2.94%
2021	29.19%
2022	-12.42%

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses

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

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Other Postemployment Benefits Plan

##### Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

	Fiscal Year Ended June 30,			
	2022	2021	2020	2019
<b>Total OPEB liability</b>				
Service cost	\$ 682,280	\$ 691,092	\$ 854,604	\$ 727,780
Interest on total OPEB liability	10,455,360	10,032,196	9,863,756	9,494,786
Difference between expected and actual experience	(1,481,728)	(1,393,664)	(645,224)	(10,208,287)
Changes in assumptions	-	4,288,384	-	20,859,970
Benefit payments	(7,733,894)	(7,819,881)	(7,516,243)	(7,282,202)
Other changes	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>1,922,018</b>	<b>5,798,127</b>	<b>2,556,893</b>	<b>13,592,047</b>
Total OPEB liability, beginning of year	<u>147,737,652</u>	<u>141,939,525</u>	<u>139,382,632</u>	<u>125,790,585</u>
<b>Total OPEB liability, end of year</b>	<b><u>149,659,670</u></b>	<b><u>147,737,652</u></b>	<b><u>141,939,525</u></b>	<b><u>139,382,632</u></b>
<b>Plan fiduciary net position</b>				
Employer contributions	1,535,406	962,809	1,086,472	743,637
Net investment income (loss)	(12,031,582)	36,439,674	940,267	6,574,025
Benefit payments	(7,733,894)	(7,819,881)	(7,516,243)	(7,282,202)
Administrative expense	(21,973)	(37,268)	(23,795)	(40,935)
<b>Net change in plan fiduciary net position</b>	<b>(18,252,043)</b>	<b>29,545,334</b>	<b>(5,513,299)</b>	<b>(5,475)</b>
Plan fiduciary net position, beginning of year	<u>156,774,211</u>	<u>127,228,877</u>	<u>132,742,176</u>	<u>132,747,651</u>
<b>Plan fiduciary net position, end of year</b>	<b><u>138,522,168</u></b>	<b><u>156,774,211</u></b>	<b><u>127,228,877</u></b>	<b><u>132,742,176</u></b>
<b>Net OPEB liability (asset)</b>	<b><u>\$ 11,137,502</u></b>	<b><u>\$ (9,036,559)</u></b>	<b><u>\$ 14,710,648</u></b>	<b><u>\$ 6,640,456</u></b>
Plan fiduciary net position as a percentage of total OPEB liability	92.56%	106.12%	89.64%	95.24%
Covered payroll	\$ 10,818,348	\$ 11,642,228	\$ 12,401,383	\$ 13,668,537
Net OPEB liability (asset) as a percentage of covered payroll	102.95%	-77.62%	118.62%	48.58%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from a change in the investment rate of return from 7.75% to 7.25%, the mortality assumption was adjusted, rates of retirement were increased for the Police and Fire groups and Police service aids, and rates of turnover were lowered for the Police and Fire group.

The 2021 assumption changes resulted from a change in the healthcare cost trend rate. The initial Medical and Drug rate increased from 7.5% to 9.0%.

**Fiscal Year Ended June 30,**

**2018**      **2017**

\$ 703,060	\$ 733,901
9,329,723	9,160,807
(438,850)	(192,395)
-	-
(7,671,260)	(7,343,423)
294	-
<u>1,922,967</u>	<u>2,358,890</u>
<u>123,867,618</u>	<u>121,508,728</u>
<u>125,790,585</u>	<u>123,867,618</u>

716,492	119,383,923
7,408,631	3,439,452
(7,671,260)	(7,343,423)
<u>(29,916)</u>	<u>(24,690)</u>
<u>423,947</u>	<u>115,455,262</u>
<u>132,323,704</u>	<u>16,868,442</u>
<u>132,747,651</u>	<u>132,323,704</u>
<u>\$ (6,957,066)</u>	<u>\$ (8,456,086)</u>

105.53%      106.83%

\$ 14,183,345    \$ 14,971,828

-49.05%      -56.48%

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Other Postemployment Benefits Plan

##### Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as Percentage of Covered Payroll
2017	\$ 11,412,360	\$ 119,383,923	\$ (107,971,563)	\$ 14,971,828	797.4%
2018	389,082	716,492	(327,410)	14,183,345	5.1%
2019	369,967	743,637	(373,670)	13,668,537	5.4%
2020	1,021,651	1,086,472	(64,821)	12,401,383	8.8%
2021	940,979	962,809	(21,830)	11,642,228	8.3%
2022	1,498,790	1,535,406	(36,616)	10,818,348	14.2%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

##### Notes to Schedule of Contributions

Valuation Date	June 30, 2020
Notes	Actuarially determined contribution amounts are calculated as of June 30 of even numbered years. The valuation date is 12 months prior to the fiscal year end of odd numbered fiscal years and 24 months prior to the fiscal year end of even numbered fiscal years.
Methods and assumptions used to determine contribution rates for 2022 (Based on the June 30, 2020 Valuation):	
Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.0% to 5.2%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Health care trend rates	Pre-65: 7.50% trend for the first year, gradually decreasing to 3.25% in year 12 Post-65: 6.25% trend for the first year, gradually decreasing to 3.25% in year 12
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment expenses are net of the investment returns; administrative expenses are included in the premium costs

## CITY OF ROYAL OAK, MICHIGAN

### ■ Required Supplementary Information

#### Other Postemployment Benefits Plan

##### Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
2017	5.73%
2018	5.52%
2019	5.09%
2020	0.71%
2021	29.40%
2022	-7.87%

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.



## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

# CITY OF ROYAL OAK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds  
June 30, 2022

	Special Revenue Funds			
	Major Streets	Solid Waste	Community Development Block Grant	Publicity
<b>Assets</b>				
Cash and investments	\$ 7,712,029	\$ 4,092,978	\$ -	\$ 17,909
Receivables, net	31,160	19,322	2,626,943	49
Due from other governmental units	872,094	39,473	449,771	-
Prepaid items	10,639	-	-	-
Inventories	169,120	-	-	-
Restricted assets, cash	-	-	-	-
<b>Total assets</b>	<b>\$ 8,795,042</b>	<b>\$ 4,151,773</b>	<b>\$ 3,076,714</b>	<b>\$ 17,958</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,796,362	\$ 283,579	\$ 169,929	\$ -
Accrued and other liabilities	155,032	41,329	12,354	950
Due to other funds	-	-	266,978	-
Unearned revenue	-	-	2,627,453	-
<b>Total liabilities</b>	<b>1,951,394</b>	<b>324,908</b>	<b>3,076,714</b>	<b>950</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	19,245	15,101	-	50
<b>Fund balances</b>				
Nonspendable:				
Prepaid items	10,639	-	-	-
Inventories	169,120	-	-	-
Endowment	-	-	-	-
Restricted	6,644,644	3,811,764	-	16,958
Committed	-	-	-	-
<b>Total fund balances</b>	<b>6,824,403</b>	<b>3,811,764</b>	<b>-</b>	<b>16,958</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,795,042</b>	<b>\$ 4,151,773</b>	<b>\$ 3,076,714</b>	<b>\$ 17,958</b>

**2018-2019 BUDGET**

Special Revenue Funds						Capital Projects
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Debt Service Fund	Special Assessments	
\$ 96,106	\$ 878,794	\$ 336,464	\$ 78,665	\$ 5,579	\$ -	
46,545	44,924	-	-	685	997,451	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>\$ 142,651</b>	<b>\$ 923,718</b>	<b>\$ 336,464</b>	<b>\$ 78,665</b>	<b>\$ 6,264</b>	<b>\$ 997,451</b>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
\$ 24,151	\$ 22,350	\$ 5,992	\$ 40,866	\$ -	\$ -	
24,267	75,784	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>48,418</b>	<b>98,134</b>	<b>5,992</b>	<b>40,866</b>	<b>-</b>	<b>-</b>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
-	2,889	-	-	685	957,194	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
94,233	822,695	330,472	37,799	5,579	40,257	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>94,233</b>	<b>822,695</b>	<b>330,472</b>	<b>37,799</b>	<b>5,579</b>	<b>40,257</b>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>\$ 142,651</b>	<b>\$ 923,718</b>	<b>\$ 336,464</b>	<b>\$ 78,665</b>	<b>\$ 6,264</b>	<b>\$ 997,451</b>	

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds  
June 30, 2022

	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
	City Capital Projects		
<b>Assets</b>			
Cash and investments	\$ 3,163,171	\$ 11,096	\$ 16,392,791
Receivables, net	886	-	3,767,965
Due from other governmental units	-	-	1,361,338
Prepaid items	-	-	10,639
Inventories	-	-	169,120
Restricted assets, cash	-	1,015	1,015
<b>Total assets</b>	<b>\$ 3,164,057</b>	<b>\$ 12,111</b>	<b>\$ 21,702,868</b>
<b>Liabilities</b>			
Accounts payable	\$ 449,887	\$ -	\$ 2,793,116
Accrued and other liabilities	518,238	-	827,954
Due to other funds	-	-	266,978
Unearned revenue	-	-	2,627,453
<b>Total liabilities</b>	<b>968,125</b>	<b>-</b>	<b>6,515,501</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue	836	-	996,000
<b>Fund balances</b>			
Nonspendable:			
Prepaid items	-	-	10,639
Inventories	-	-	169,120
Endowment	-	1,015	1,015
Restricted	-	11,096	11,815,497
Committed	2,195,096	-	2,195,096
<b>Total fund balances</b>	<b>2,195,096</b>	<b>12,111</b>	<b>14,191,367</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,164,057</b>	<b>\$ 12,111</b>	<b>\$ 21,702,868</b>

concluded.



# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	Special Revenue Funds			
	Major Streets	Solid Waste	Community Development Block Grant	Publicity
<b>Revenues</b>				
Taxes	\$ -	\$ 7,555,361	\$ -	\$ 45,051
Licenses and permits	242,968	-	-	-
Federal grants	-	-	2,116,088	-
State grants	5,633,442	206,650	-	1,272
Charges for services	-	84	282,998	-
Fines and forfeitures	-	-	-	-
Interest and rentals	16,458	15,176	-	1,539
Contributions and donations	983,641	-	-	-
Other revenue	67,127	44,339	4,063	-
<b>Total revenues</b>	<b>6,943,636</b>	<b>7,821,610</b>	<b>2,403,149</b>	<b>47,862</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	5,558,782	8,883,911	-	-
Community and economic development	-	-	2,403,149	-
Recreation and culture	-	-	-	69,366
Debt service:				
Principal payments	96,850	118,682	-	-
Interest and paying agent fees	87,016	106,630	-	-
<b>Total expenditures</b>	<b>5,742,648</b>	<b>9,109,223</b>	<b>2,403,149</b>	<b>69,366</b>
Revenues over (under) expenditures	1,200,988	(1,287,613)	-	(21,504)
<b>Other financing sources (uses)</b>				
Transfers in	36,136	-	-	20,000
Transfers out	(15,000)	(24,000)	-	-
<b>Total other financing sources (uses)</b>	<b>21,136</b>	<b>(24,000)</b>	<b>-</b>	<b>20,000</b>
<b>Net change in fund balances</b>	<b>1,222,124</b>	<b>(1,311,613)</b>	<b>-</b>	<b>(1,504)</b>
Fund balances, beginning of year	5,602,279	5,123,377	-	18,462
<b>Fund balances, end of year</b>	<b>\$ 6,824,403</b>	<b>\$ 3,811,764</b>	<b>\$ -</b>	<b>\$ 16,958</b>

**2018-19 BUDGET**

Special Revenue Funds						Capital Projects
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Debt Service Fund	Special Assessments	
\$ -	\$ 2,626,797	\$ -	\$ -	\$ 607,220	\$ -	
-	-	-	-	-	-	
-	2,742	-	-	-	-	
-	226,579	-	268,635	7,252	-	
189,350	4,407	-	-	-	-	
-	1,828	-	-	-	-	
225	3,977	4,610	-	9	42,294	
168,089	87,584	3,642	-	-	386,037	
-	3,576	-	-	-	-	
<b>357,664</b>	<b>2,957,490</b>	<b>8,252</b>	<b>268,635</b>	<b>614,481</b>	<b>428,331</b>	
-	-	-	598,406	-	-	
-	-	9,641	-	-	-	
-	-	-	-	-	160	
-	-	-	-	-	-	
793,327	2,442,042	17,816	-	-	-	
29,670	461,912	-	-	1,839,879	-	
26,658	181,642	-	-	1,460,308	-	
<b>849,655</b>	<b>3,085,596</b>	<b>27,457</b>	<b>598,406</b>	<b>3,300,187</b>	<b>160</b>	
<b>(491,991)</b>	<b>(128,106)</b>	<b>(19,205)</b>	<b>(329,771)</b>	<b>(2,685,706)</b>	<b>428,171</b>	
500,000	-	22,000	22,470	2,670,883	-	
(4,000)	(29,595)	-	-	-	(432,113)	
<b>496,000</b>	<b>(29,595)</b>	<b>22,000</b>	<b>22,470</b>	<b>2,670,883</b>	<b>(432,113)</b>	
4,009	(157,701)	2,795	(307,301)	(14,823)	(3,942)	
90,224	980,396	327,677	345,100	20,402	44,199	
<b>\$ 94,233</b>	<b>\$ 822,695</b>	<b>\$ 330,472</b>	<b>\$ 37,799</b>	<b>\$ 5,579</b>	<b>\$ 40,257</b>	

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	Capital Projects		Total Nonmajor Governmental Funds
	City Capital Projects	Permanent Fund	
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 10,834,429
Licenses and permits	-	-	242,968
Federal grants	-	-	2,118,830
State grants	-	-	6,343,830
Charges for services	10,461	-	487,300
Fines and forfeitures	-	-	1,828
Interest and rentals	4,401	29	88,718
Contributions and donations	2,034,460	-	3,663,453
Other revenue	-	-	119,105
<b>Total revenues</b>	<b>2,049,322</b>	<b>29</b>	<b>23,900,461</b>
<b>Expenditures</b>			
Current:			
General government	-	-	598,406
Public safety	-	-	9,641
Public works	354,675	-	14,797,528
Community and economic development	-	-	2,403,149
Recreation and culture	6,147,854	8	9,470,413
Debt service:			
Principal payments	-	-	2,546,993
Interest and paying agent fees	-	-	1,862,254
<b>Total expenditures</b>	<b>6,502,529</b>	<b>8</b>	<b>31,688,384</b>
Revenues over (under) expenditures	(4,453,207)	21	(7,787,923)
<b>Other financing sources (uses)</b>			
Transfers in	994,000	-	4,265,489
Transfers out	-	-	(504,708)
<b>Total other financing sources (uses)</b>	<b>994,000</b>	<b>-</b>	<b>3,760,781</b>
<b>Net change in fund balances</b>	(3,459,207)	21	(4,027,142)
Fund balances, beginning of year	5,654,303	12,090	18,218,509
<b>Fund balances, end of year</b>	<b>\$ 2,195,096</b>	<b>\$ 12,111</b>	<b>\$ 14,191,367</b>

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 225,000	\$ 225,000	\$ 242,968	\$ 17,968
State grants	5,352,000	5,852,000	5,633,442	(218,558)
Interest and rentals	6,000	6,000	16,458	10,458
Contributions and donations	19,130	983,260	983,641	381
Other revenue	10,000	78,200	67,127	(11,073)
<b>Total revenues</b>	<b>5,612,130</b>	<b>7,144,460</b>	<b>6,943,636</b>	<b>(200,824)</b>
<b>Expenditures</b>				
Current -				
Public works	6,021,230	6,943,460	5,558,782	(1,384,678)
Debt service:				
Principal payments	98,000	98,000	96,850	(1,150)
Interest and paying agent fees	88,000	88,000	87,016	(984)
<b>Total expenditures</b>	<b>6,207,230</b>	<b>7,129,460</b>	<b>5,742,648</b>	<b>(1,386,812)</b>
Revenues over (under) expenditures	(595,100)	15,000	1,200,988	1,185,988
<b>Other financing sources (uses)</b>				
Transfers in	-	-	36,136	36,136
Transfers out	(15,000)	(15,000)	(15,000)	-
<b>Total other financing sources (uses)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>21,136</b>	<b>36,136</b>
<b>Net change in fund balance</b>	<b>(610,100)</b>	<b>-</b>	<b>1,222,124</b>	<b>1,222,124</b>
Fund balance, beginning of year	5,602,279	5,602,279	5,602,279	-
<b>Fund balance, end of year</b>	<b>\$ 4,992,179</b>	<b>\$ 5,602,279</b>	<b>\$ 6,824,403</b>	<b>\$ 1,222,124</b>

## CITY OF ROYAL OAK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Solid Waste Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 7,553,000	\$ 7,553,000	\$ 7,555,361	\$ 2,361
State grants	78,000	193,000	206,650	13,650
Charges for services	-	-	84	84
Interest and rentals	20,000	20,000	15,176	(4,824)
Other revenue	50,000	50,000	44,339	(5,661)
<b>Total revenues</b>	<b>7,701,000</b>	<b>7,816,000</b>	<b>7,821,610</b>	<b>5,610</b>
<b>Expenditures</b>				
Current -				
Public works	9,709,280	9,009,280	8,883,911	(125,369)
Debt service:				
Principal payments	119,500	119,500	118,682	(818)
Interest and paying agent fees	107,500	107,500	106,630	(870)
<b>Total expenditures</b>	<b>9,936,280</b>	<b>9,236,280</b>	<b>9,109,223</b>	<b>(127,057)</b>
Revenues under expenditures	(2,235,280)	(1,420,280)	(1,287,613)	132,667
<b>Other financing uses</b>				
Transfers out	(24,000)	(24,000)	(24,000)	-
<b>Net change in fund balance</b>	<b>(2,259,280)</b>	<b>(1,444,280)</b>	<b>(1,311,613)</b>	<b>132,667</b>
Fund balance, beginning of year	5,123,377	5,123,377	5,123,377	-
<b>Fund balance, end of year</b>	<b>\$ 2,864,097</b>	<b>\$ 3,679,097</b>	<b>\$ 3,811,764</b>	<b>\$ 132,667</b>

## CITY OF ROYAL OAK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Development Block Grant Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 1,895,200	\$ 2,096,090	\$ 2,116,088	\$ 19,998
Charges for services	460,000	460,000	282,998	(177,002)
Other revenue	<u>15,000</u>	<u>1,249,040</u>	<u>4,063</u>	<u>(1,244,977)</u>
<b>Total revenues</b>	<b>2,370,200</b>	<b>3,805,130</b>	<b>2,403,149</b>	<b>(1,401,981)</b>
<b>Expenditures</b>				
Current -				
Community and economic development	<u>2,020,200</u>	<u>3,455,130</u>	<u>2,403,149</u>	<u>(1,051,981)</u>
<b>Net change in fund balance</b>	<b>350,000</b>	<b>350,000</b>	<b>-</b>	<b>(350,000)</b>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ -</b>	<b>\$ (350,000)</b>

## 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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 48,700	\$ 48,700	\$ 45,051	\$ (3,649)
State grants	500	500	1,272	772
Interest and rentals	-	1,500	1,539	39
<b>Total revenues</b>	<b>49,200</b>	<b>50,700</b>	<b>47,862</b>	<b>(2,838)</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	69,200	70,700	69,366	(1,334)
Revenues under expenditures	(20,000)	(20,000)	(21,504)	(1,504)
<b>Other financing sources</b>				
Transfers in	20,000	20,000	20,000	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(1,504)</b>	<b>(1,504)</b>
Fund balance, beginning of year	18,462	18,462	18,462	-
<b>Fund balance, end of year</b>	<b>\$ 18,462</b>	<b>\$ 18,462</b>	<b>\$ 16,958</b>	<b>\$ (1,504)</b>

# 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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 150,080	\$ -	\$ -	\$ -
Charges for services	238,200	186,200	189,350	3,150
Interest and rentals	500	500	225	(275)
Contributions and donations	47,430	197,510	168,089	(29,421)
<b>Total revenues</b>	<b>436,210</b>	<b>384,210</b>	<b>357,664</b>	<b>(26,546)</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	875,110	853,730	793,327	(60,403)
Debt service:				
Principal payments	30,000	30,000	29,670	(330)
Interest and paying agent fees	27,100	27,100	26,658	(442)
<b>Total expenditures</b>	<b>932,210</b>	<b>910,830</b>	<b>849,655</b>	<b>(61,175)</b>
Revenues under expenditures	(496,000)	(526,620)	(491,991)	34,629
<b>Other financing sources (uses)</b>				
Transfers in	500,000	500,000	500,000	-
Transfers out	(4,000)	(4,000)	(4,000)	-
<b>Total other financing sources (uses)</b>	<b>496,000</b>	<b>496,000</b>	<b>496,000</b>	<b>-</b>
<b>Net change in fund balance</b>	-	(30,620)	4,009	34,629
Fund balance, beginning of year	90,224	90,224	90,224	-
<b>Fund balance, end of year</b>	<b>\$ 90,224</b>	<b>\$ 59,604</b>	<b>\$ 94,233</b>	<b>\$ 34,629</b>

# CITY OF ROYAL OAK, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Library Millage Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 2,626,000	\$ 2,626,000	\$ 2,626,797	\$ 797
Federal grants	-	-	2,742	2,742
State grants	184,000	184,000	226,579	42,579
Charges for services	100	100	4,407	4,307
Fines and forfeitures	1,000	1,000	1,828	828
Interest and rentals	4,500	4,500	3,977	(523)
Contributions and donations	28,500	28,500	87,584	59,084
Other revenue	2,000	2,000	3,576	1,576
<b>Total revenues</b>	<b>2,846,100</b>	<b>2,846,100</b>	<b>2,957,490</b>	<b>111,390</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	2,534,500	2,554,290	2,442,042	(112,248)
Debt service:				
Principal payments	463,000	463,000	461,912	(1,088)
Interest and paying agent fees	183,000	183,000	181,642	(1,358)
<b>Total expenditures</b>	<b>3,180,500</b>	<b>3,200,290</b>	<b>3,085,596</b>	<b>(114,694)</b>
Revenues under expenditures	(334,400)	(354,190)	(128,106)	226,084
<b>Other financing uses</b>				
Transfers out	-	(32,100)	(29,595)	(2,505)
<b>Net change in fund balance</b>	<b>(334,400)</b>	<b>(386,290)</b>	<b>(157,701)</b>	<b>228,589</b>
Fund balance, beginning of year	980,396	980,396	980,396	-
<b>Fund balance, end of year</b>	<b>\$ 645,996</b>	<b>\$ 594,106</b>	<b>\$ 822,695</b>	<b>\$ 228,589</b>

# CITY OF ROYAL OAK, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Donations Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ 100	\$ 100	\$ 4,610	\$ 4,510
Contributions and donations	<u>1,000</u>	<u>1,000</u>	<u>3,642</u>	<u>2,642</u>
<b>Total revenues</b>	<b><u>1,100</u></b>	<b><u>1,100</u></b>	<b><u>8,252</u></b>	<b><u>7,152</u></b>
<b>Expenditures</b>				
Current:				
Public safety	1,000	1,000	9,641	8,641
Recreation and culture	<u>22,100</u>	<u>22,100</u>	<u>17,816</u>	<u>(4,284)</u>
<b>Total expenditures</b>	<b><u>23,100</u></b>	<b><u>23,100</u></b>	<b><u>27,457</u></b>	<b><u>4,357</u></b>
Revenues under expenditures	(22,000)	(22,000)	(19,205)	2,795
<b>Other financing sources</b>				
Transfers in	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,795</u></b>	<b><u>2,795</u></b>
Fund balance, beginning of year	<u>327,677</u>	<u>327,677</u>	<u>327,677</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 327,677</u></b>	<b><u>\$ 327,677</u></b>	<b><u>\$ 330,472</u></b>	<b><u>\$ 2,795</u></b>

## CITY OF ROYAL OAK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 615,370	\$ 270,370	\$ 268,635	\$ (1,735)
Other revenue	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<b>638,370</b>	<b>270,370</b>	<b>268,635</b>	<b>(1,735)</b>
<b>Expenditures</b>				
Current -				
General government	<u>661,040</u>	<u>576,040</u>	<u>598,406</u>	<u>22,366</u>
Revenues under expenditures	(22,670)	(305,670)	(329,771)	(24,101)
<b>Other financing sources</b>				
Transfers in	<u>22,670</u>	<u>22,670</u>	<u>22,470</u>	<u>(200)</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>(283,000)</b>	<b>(307,301)</b>	<b>(24,301)</b>
Fund balance, beginning of year	<u>345,100</u>	<u>345,100</u>	<u>345,100</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 345,100</b>	<b>\$ 62,100</b>	<b>\$ 37,799</b>	<b>\$ (24,301)</b>



## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2022

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 87,343	\$ 211,668	\$ 200,476	\$ 443,577	\$ 943,064
Receivables, net	-	170,471	17,500	13,914	201,885
Total current assets	<u>87,343</u>	<u>382,139</u>	<u>217,976</u>	<u>457,491</u>	<u>1,144,949</u>
Noncurrent assets:					
Leases receivable	-	147,471	-	-	147,471
Capital assets not being depreciated	-	-	-	195,312	195,312
Capital assets being depreciated, net	-	2,713,411	1,426,523	898,564	5,038,498
Total noncurrent assets	<u>-</u>	<u>2,860,882</u>	<u>1,426,523</u>	<u>1,093,876</u>	<u>5,381,281</u>
<b>Total assets</b>	<u>87,343</u>	<u>3,243,021</u>	<u>1,644,499</u>	<u>1,551,367</u>	<u>6,526,230</u>
<b>Deferred outflows of resources</b>					
Deferred pension amounts	-	8,112	-	-	8,112
Deferred other postemployment benefits amounts	-	32,233	-	-	32,233
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>40,345</u>	<u>-</u>	<u>-</u>	<u>40,345</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	-	18,210	64,937	32,480	115,627
Accrued and other liabilities	-	34,538	3,398	673	38,609
Unearned revenue	-	-	-	11,600	11,600
Bonds payable, due within one year	-	50,752	10,150	-	60,902
Compensated absences, current	-	9,474	642	259	10,375
Total current liabilities	<u>-</u>	<u>112,974</u>	<u>79,127</u>	<u>45,012</u>	<u>237,113</u>
Noncurrent liabilities:					
Bonds payable	-	1,038,416	207,683	-	1,246,099
Accrued compensated absences	-	9,425	638	257	10,320
Net pension liability	-	58,131	-	-	58,131
Net other postemployment benefits liability	-	55,092	-	-	55,092
Total noncurrent liabilities	<u>-</u>	<u>1,161,064</u>	<u>208,321</u>	<u>257</u>	<u>1,369,642</u>
<b>Total liabilities</b>	<u>-</u>	<u>1,274,038</u>	<u>287,448</u>	<u>45,269</u>	<u>1,606,755</u>
<b>Deferred inflows of resources</b>					
Deferred other postemployment benefits amounts	-	1,927	-	-	1,927
Deferred lease amounts	-	167,716	-	-	167,716
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>169,643</u>	<u>-</u>	<u>-</u>	<u>169,643</u>
<b>Net position</b>					
Investment in capital assets	-	2,713,411	1,426,523	1,093,876	5,233,810
Unrestricted (deficit)	87,343	(873,726)	(69,472)	412,222	(443,633)
<b>Total net position</b>	<u>\$ 87,343</u>	<u>\$ 1,839,685</u>	<u>\$ 1,357,051</u>	<u>\$ 1,506,098</u>	<u>\$ 4,790,177</u>

**CITY OF ROYAL OAK, MICHIGAN**

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

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Operating revenues</b>					
Charges for services	\$ 319,899	\$ 497,395	\$ 1,391,985	\$ 530,655	\$ 2,739,934
Other	-	55,550	1,829	5,979	63,358
<b>Total operating revenues</b>	<b>319,899</b>	<b>552,945</b>	<b>1,393,814</b>	<b>536,634</b>	<b>2,803,292</b>
<b>Operating expenses</b>					
Salaries and benefits	44,848	252,669	13,871	6,038	317,426
Supplies	-	38,385	52,398	30,536	121,319
Other services and charges	188,882	167,230	1,165,977	479,280	2,001,369
Depreciation	-	87,765	104,557	58,743	251,065
<b>Total operating expenses</b>	<b>233,730</b>	<b>546,049</b>	<b>1,336,803</b>	<b>574,597</b>	<b>2,691,179</b>
Operating income (loss)	86,169	6,896	57,011	(37,963)	112,113
<b>Nonoperating revenues (expenses)</b>					
Interest income	461	5,789	237	900	7,387
Interest expense	-	(44,107)	(8,821)	-	(52,928)
<b>Total nonoperating revenues (expenses)</b>	<b>461</b>	<b>(38,318)</b>	<b>(8,584)</b>	<b>900</b>	<b>(45,541)</b>
Income (loss) before transfers	86,630	(31,422)	48,427	(37,063)	66,572
<b>Transfers</b>					
Transfers out	-	-	(4,000)	-	(4,000)
<b>Change in net position</b>	<b>86,630</b>	<b>(31,422)</b>	<b>44,427</b>	<b>(37,063)</b>	<b>62,572</b>
Net position, beginning of year	713	1,871,107	1,312,624	1,543,161	4,727,605
<b>Net position, end of year</b>	<b>\$ 87,343</b>	<b>\$ 1,839,685</b>	<b>\$ 1,357,051</b>	<b>\$ 1,506,098</b>	<b>\$ 4,790,177</b>

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 319,899	\$ 514,537	\$ 1,384,485	\$ 522,838	\$ 2,741,759
Other operating receipts	-	55,550	1,829	5,979	63,358
Payments to vendors	(188,882)	(191,785)	(1,211,512)	(504,045)	(2,096,224)
Payments to employees	(44,848)	(259,942)	(13,976)	(5,237)	(324,003)
<b>Net cash provided by operating activities</b>	<b>86,169</b>	<b>118,360</b>	<b>160,826</b>	<b>19,535</b>	<b>384,890</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers to other funds	-	-	(4,000)	-	(4,000)
<b>Cash flows from capital and related financing activities</b>					
Principal paid on long-term debt	-	(49,451)	(9,891)	-	(59,342)
Interest paid on long-term debt	-	(44,107)	(8,821)	-	(52,928)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(93,558)</b>	<b>(18,712)</b>	<b>-</b>	<b>(112,270)</b>
<b>Cash flows from investing activities</b>					
Interest received on investments	461	5,789	237	900	7,387
<b>Net change in cash and investments</b>	<b>86,630</b>	<b>30,591</b>	<b>138,351</b>	<b>20,435</b>	<b>276,007</b>
Cash and investments balances, beginning of year	713	181,077	62,125	423,142	667,057
<b>Cash and investments balances, end of year</b>	<b>\$ 87,343</b>	<b>\$ 211,668</b>	<b>\$ 200,476</b>	<b>\$ 443,577</b>	<b>\$ 943,064</b>

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>					
Operating income (loss)	\$ 86,169	\$ 6,896	\$ 57,011	\$ (37,963)	\$ 112,113
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	87,765	104,557	58,743	251,065
Changes in assets and liabilities:					
Receivables, net	-	36,790	(7,500)	(3,467)	25,823
Deferred outflows related to the net pension liability	-	(5,785)	-	-	(5,785)
Deferred outflows related to the net other postemployment benefits liability	-	(27,172)	-	-	(27,172)
Accounts payable	-	13,830	6,863	5,771	26,464
Accrued and other liabilities	-	12,111	44	673	12,828
Unearned revenue	-	-	-	(4,350)	(4,350)
Accrued compensated absences	-	(1,362)	(149)	128	(1,383)
Net pension liability	-	1,987	-	-	1,987
Net other postemployment benefits liability		95,648			95,648
Deferred inflows related to the net pension liability	-	(16,624)	-	-	(16,624)
Deferred inflows related to the net other postemployment benefits liability	-	(66,076)	-	-	(66,076)
Deferred inflows related to leases	-	(19,648)	-	-	(19,648)
<b>Net cash provided by operating activities</b>	<b>\$ 86,169</b>	<b>\$ 118,360</b>	<b>\$ 160,826</b>	<b>\$ 19,535</b>	<b>\$ 384,890</b>

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 4,275,078	\$ 10,975,420	\$ 1,749,094	\$ 5,186,832	\$ 2,002,923	\$ 24,189,347
Receivables, net	-	28,013	-	-	-	28,013
Prepaid items	55,000	-	78,165	1,279,020	-	1,412,185
Inventories	-	255,987	-	-	-	255,987
Total current assets	4,330,078	11,259,420	1,827,259	6,465,852	2,002,923	25,885,532
Noncurrent assets:						
Capital assets not being depreciated	-	324,228	-	-	-	324,228
Capital assets being depreciated, net	186,098	8,376,717	-	-	-	8,562,815
Total noncurrent assets	186,098	8,700,945	-	-	-	8,887,043
<b>Total assets</b>	<b>4,516,176</b>	<b>19,960,365</b>	<b>1,827,259</b>	<b>6,465,852</b>	<b>2,002,923</b>	<b>34,772,575</b>
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	-	27,783	-	-	-	27,783
Deferred pension amounts	16,750	29,386	-	-	-	46,136
Deferred other postemployment benefits amounts	65,817	116,809	-	-	-	182,626
<b>Total deferred outflows of resources</b>	<b>82,567</b>	<b>173,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256,545</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	220,161	164,755	9,393	8,761	88,510	491,580
Accrued and other liabilities	47,305	118,776	-	320,000	-	486,081
Bonds payable, due within one year	40,602	314,230	-	-	-	354,832
Other long-term liabilities, current	-	-	48,352	-	766,490	814,842
Compensated absences, current	42,084	38,076	-	-	-	80,160
Total current liabilities	350,152	635,837	57,745	328,761	855,000	2,227,495
Noncurrent liabilities:						
Bonds payable	830,733	5,882,103	-	-	-	6,712,836
Other long-term liabilities	-	-	48,352	-	766,490	814,842
Accrued compensated absences	40,454	37,094	-	-	-	77,548
Net pension liability	120,029	210,575	-	-	-	330,604
Net other postemployment benefits liability	112,491	199,644	-	-	-	312,135
Total noncurrent liabilities	1,103,707	6,329,416	48,352	-	766,490	8,247,965
<b>Total liabilities</b>	<b>1,453,859</b>	<b>6,965,253</b>	<b>106,097</b>	<b>328,761</b>	<b>1,621,490</b>	<b>10,475,460</b>
<b>Deferred inflows of resources</b>						
Deferred other postemployment benefits amounts	3,936	6,985	-	-	-	10,921
<b>Net position</b>						
Net investment in capital assets	186,098	8,402,861	-	-	-	8,588,959
Unrestricted	2,954,850	4,759,244	1,721,162	6,137,091	381,433	15,953,780
<b>Total net position</b>	<b>\$ 3,140,948</b>	<b>\$ 13,162,105</b>	<b>\$ 1,721,162</b>	<b>\$ 6,137,091</b>	<b>\$ 381,433</b>	<b>\$ 24,542,739</b>

**CITY OF ROYAL OAK, MICHIGAN**

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

Internal Service Funds

For the Year Ended June 30, 2022

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Operating revenues</b>						
Charges for services	\$ 2,107,490	\$ 4,927,801	\$ 400,258	\$ 10,537,963	\$ 1,168,704	\$ 19,142,216
Other revenue	11,514	121,668	4,508	13,928	349,948	501,566
<b>Total operating revenues</b>	<b>2,119,004</b>	<b>5,049,469</b>	<b>404,766</b>	<b>10,551,891</b>	<b>1,518,652</b>	<b>19,643,782</b>
<b>Operating expenses</b>						
Salaries and benefits	435,820	1,030,282	206,197	11,334,210	-	13,006,509
Supplies	91,170	872,412	-	-	-	963,582
Other services and charges	1,190,705	472,069	56,411	3,874	1,936,200	3,659,259
Depreciation	70,697	1,430,926	-	-	-	1,501,623
<b>Total operating expenses</b>	<b>1,788,392</b>	<b>3,805,689</b>	<b>262,608</b>	<b>11,338,084</b>	<b>1,936,200</b>	<b>19,130,973</b>
Operating income (loss)	330,612	1,243,780	142,158	(786,193)	(417,548)	512,809
<b>Nonoperating revenues (expenses)</b>						
Interest expense	(35,285)	(249,922)	-	-	-	(285,207)
Gain on sale of capital assets	-	107,541	-	-	-	107,541
<b>Total nonoperating revenue (expenses)</b>	<b>(35,285)</b>	<b>(142,381)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(177,666)</b>
Income (loss) before transfers	295,327	1,101,399	142,158	(786,193)	(417,548)	335,143
<b>Transfers in</b>	<b>100,000</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,000</b>
<b>Change in net position</b>	<b>395,327</b>	<b>1,176,399</b>	<b>142,158</b>	<b>(786,193)</b>	<b>(417,548)</b>	<b>510,143</b>
Net position, beginning of year	2,745,621	11,985,706	1,579,004	6,923,284	798,981	24,032,596
<b>Net position, end of year</b>	<b>\$ 3,140,948</b>	<b>\$ 13,162,105</b>	<b>\$ 1,721,162</b>	<b>\$ 6,137,091</b>	<b>\$ 381,433</b>	<b>\$ 24,542,739</b>

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2022

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Cash flows from operating activities</b>						
Internal activity - receipts from other funds	\$ 2,107,490	\$ 4,927,801	\$ 400,258	\$ 10,537,963	\$ 1,168,704	\$ 19,142,216
Other operating receipts	11,514	121,668	4,508	13,928	349,948	501,566
Payments to vendors	(1,130,442)	(1,363,625)	(148,296)	(506,093)	(933,875)	(4,082,331)
Payments to employees	(553,343)	(1,049,159)	(271,097)	(11,314,210)	-	(13,187,809)
<b>Net cash provided by (used in) operating activities</b>	<b>435,219</b>	<b>2,636,685</b>	<b>(14,627)</b>	<b>(1,268,412)</b>	<b>584,777</b>	<b>2,373,642</b>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	100,000	75,000	-	-	-	175,000
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	-	(2,722,280)	-	-	-	(2,722,280)
Principal paid on long-term debt	(39,560)	(306,276)	-	-	-	(345,836)
Interest paid on long-term debt	(35,285)	(247,528)	-	-	-	(282,813)
Proceeds from sale of capital assets	-	107,541	-	-	-	107,541
<b>Net cash used in capital and related financing activities</b>	<b>(74,845)</b>	<b>(3,168,543)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,243,388)</b>
<b>Net change in cash and investments</b>	<b>460,374</b>	<b>(456,858)</b>	<b>(14,627)</b>	<b>(1,268,412)</b>	<b>584,777</b>	<b>(694,746)</b>
Cash and investments balances, beginning of year	3,814,704	11,432,278	1,763,721	6,455,244	1,418,146	24,884,093
<b>Cash and investments balances, end of year</b>	<b>\$ 4,275,078</b>	<b>\$ 10,975,420</b>	<b>\$ 1,749,094</b>	<b>\$ 5,186,832</b>	<b>\$ 2,002,923</b>	<b>\$ 24,189,347</b>

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 330,612	\$ 1,243,780	\$ 142,158	\$ (786,193)	\$ (417,548)	\$ 512,809
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	70,697	1,430,926	-	-	-	1,501,623
Changes in assets and liabilities:						
Receivables, net	-	(14,270)	-	-	-	(14,270)
Prepaid items	(55,000)	-	(78,165)	(498,586)	422,815	(208,936)
Inventories	-	(100,356)	-	-	-	(100,356)
Deferred outflows related to the net pension liability	(10,068)	(21,569)	-	-	-	(31,637)
Deferred outflows related to the net other postemployment benefits liability	(50,999)	(99,461)	-	-	-	(150,460)
Accounts payable	206,433	95,482	(13,720)	(3,633)	88,510	373,072
Accrued and other liabilities	5,008	7,615	-	20,000	-	32,623
Other long-term liabilities	-	-	(64,900)	-	491,000	426,100
Accrued compensated absences	(8,537)	15,944	-	-	-	7,407
Net pension liability	(41,244)	21,907	-	-	-	(19,337)
Net other postemployment benefits liability	231,230	338,656	-	-	-	569,886
Deferred inflows related to the net pension liability	(47,752)	(55,863)	-	-	-	(103,615)
Deferred inflows related to the net other postemployment benefits liability	(195,161)	(226,106)	-	-	-	(421,267)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 435,219</b>	<b>\$ 2,636,685</b>	<b>\$ (14,627)</b>	<b>\$ (1,268,412)</b>	<b>\$ 584,777</b>	<b>\$ 2,373,642</b>

concluded.

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2022

	General Custodial	Tax Collection	44th District Court	Total
<b>Assets</b>				
Cash and investments	\$ 93,239	\$ 1,850,722	\$ 270,639	\$ 2,214,600
<b>Liabilities</b>				
Undistributed receipts	21,161	1,850,722	65,703	1,937,586
Due to City of Berkley	-	-	10,686	10,686
Due to other governmental units	30	-	-	30
Bonds and deposits	-	-	194,250	194,250
<b>Total liabilities</b>	<b>21,191</b>	<b>1,850,722</b>	<b>270,639</b>	<b>2,142,552</b>
<b>Net position</b>				
Restricted for individuals, organizations and other governments	\$ 72,048	\$ -	\$ -	\$ 72,048

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2022

	General Custodial	Tax Collection	44th District Court	Total
<b>Additions</b>				
Taxes collected for other governments	\$ -	\$ 83,019,071	\$ -	\$ 83,019,071
Other additions	<u>174,336</u>	<u>-</u>	<u>1,023,352</u>	<u>1,197,688</u>
<b>Total additions</b>	<b><u>174,336</u></b>	<b><u>83,019,071</u></b>	<b><u>1,023,352</u></b>	<b><u>84,216,759</u></b>
<b>Deductions</b>				
Payments of taxes to other governments	-	83,019,071	-	83,019,071
Other deductions	<u>216,092</u>	<u>-</u>	<u>1,023,352</u>	<u>1,239,444</u>
<b>Total deductions</b>	<b><u>216,092</u></b>	<b><u>83,019,071</u></b>	<b><u>1,023,352</u></b>	<b><u>84,258,515</u></b>
<b>Change in net position</b>	<b>(41,756)</b>	<b>-</b>	<b>-</b>	<b>(41,756)</b>
Net position, beginning of year	<u>113,804</u>	<u>-</u>	<u>-</u>	<u>113,804</u>
<b>Net position, end of year</b>	<b><u>\$ 72,048</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 72,048</u></b>

## CITY OF ROYAL OAK, MICHIGAN

### Balance Sheets

Component Units  
June 30, 2022

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Assets</b>				
Cash and investments	\$ 1,906,073	\$ 133,332	\$ 429,345	\$ 2,468,750
Receivables, net	25,643	147	61,158	86,948
Prepaid items	98,750	-	-	98,750
<b>Total assets</b>	<b>\$ 2,030,466</b>	<b>\$ 133,479</b>	<b>\$ 490,503</b>	<b>\$ 2,654,448</b>
<b>Liabilities</b>				
Accounts payable	\$ 71,191	\$ 310	\$ 11,404	\$ 82,905
Accrued and other liabilities	6,837	3,069	-	9,906
<b>Total liabilities</b>	<b>78,028</b>	<b>3,379</b>	<b>11,404</b>	<b>92,811</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	25,643	147	2,512	28,302
<b>Fund balances</b>				
Nonspendable	98,750	-	-	98,750
Unassigned	1,828,045	129,953	476,587	2,434,585
<b>Total fund balances</b>	<b>1,926,795</b>	<b>129,953</b>	<b>476,587</b>	<b>2,533,335</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,030,466</b>	<b>\$ 133,479</b>	<b>\$ 490,503</b>	<b>\$ 2,654,448</b>

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
Component Units  
June 30, 2022

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Fund balances for component units</b>	\$ 1,926,795	\$ 129,953	\$ 476,587	\$ 2,533,335
Amounts reported for <i>component units</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.				
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets, net of accumulated depreciation	422,318	-	-	422,318
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	25,643	147	2,512	28,302
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	(5,735)	(6,592)	-	(12,327)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and related deferred amounts, are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.				
Net pension liability	(44,757)	(29,517)	-	(74,274)
Deferred outflows related to the pension liability	6,246	4,119	-	10,365
Net other postemployment benefit liability	(42,336)	(27,703)	-	(70,039)
Deferred outflows related to the net other postemployment benefit liability	24,770	16,208	-	40,978
Deferred inflows related to the net other postemployment benefit liability	(1,481)	(969)	-	(2,450)
<b>Net position for component units</b>	<u>\$ 3,154,438</u>	<u>\$ 85,646</u>	<u>\$ 479,099</u>	<u>\$ 3,719,183</u>

## CITY OF ROYAL OAK, MICHIGAN

### ■ Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units

For the Year Ended June 30, 2022

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Revenues</b>				
Taxes	\$ 5,377,609	\$ 49,338	\$ 416,445	\$ 5,843,392
Interest and rentals	14,814	359	2,677	17,850
Contributions and donations	<u>164,000</u>	-	-	<u>164,000</u>
<b>Total revenues</b>	<b>5,556,423</b>	<b>49,697</b>	<b>419,122</b>	<b>6,025,242</b>
<b>Expenditures</b>				
Current -				
Community and economic development	<u>7,232,241</u>	<u>41,761</u>	<u>433,817</u>	<u>7,707,819</u>
<b>Change in fund balances</b>	<b>(1,675,818)</b>	<b>7,936</b>	<b>(14,695)</b>	<b>(1,682,577)</b>
Fund balances, beginning of year	<u>3,602,613</u>	<u>122,017</u>	<u>491,282</u>	<u>4,215,912</u>
<b>Fund balances, end of year</b>	<b>\$ 1,926,795</b>	<b>\$ 129,953</b>	<b>\$ 476,587</b>	<b>\$ 2,533,335</b>

## 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, 2022

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Net change in fund balances - component units</b>	\$ (1,675,818)	\$ 7,936	\$ (14,695)	\$ (1,682,577)
Amounts reported for <i>component units</i> in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Depreciation expense	(78,308)	-	-	(78,308)
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.	(5,456)	147	(1,223)	(6,532)
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	(3,571)	1,747	-	(1,824)
Change in the net pension liability and related deferred amounts	17,968	8,925	-	26,893
Change in other postemployment benefit liability/asset and related deferred amounts	(156)	(1,055)	-	(1,211)
<b>Change in net position of component units</b>	<u>\$ (1,745,341)</u>	<u>\$ 17,700</u>	<u>\$ (15,918)</u>	<u>\$ (1,743,559)</u>

## CITY OF ROYAL OAK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Tax Increment Financing Authority

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 4,990,000	\$ 4,990,000	\$ 5,377,609	\$ 387,609
Interest and rentals	12,000	12,000	14,814	2,814
Contributions and donations	<u>50,000</u>	<u>114,000</u>	<u>164,000</u>	<u>50,000</u>
<b>Total revenues</b>	<b>5,052,000</b>	<b>5,116,000</b>	<b>5,556,423</b>	<b>440,423</b>
<b>Expenditures</b>				
Community and economic development	<u>7,561,690</u>	<u>8,144,700</u>	<u>7,232,241</u>	<u>(912,459)</u>
<b>Net change in fund balance</b>	<b>(2,509,690)</b>	<b>(3,028,700)</b>	<b>(1,675,818)</b>	<b>1,352,882</b>
Fund balance, beginning of year	<u>3,602,613</u>	<u>3,602,613</u>	<u>3,602,613</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b><u>\$ 1,092,923</u></b>	<b><u>\$ 573,913</u></b>	<b><u>\$ 1,926,795</u></b>	<b><u>\$ 1,352,882</u></b>

## CITY OF ROYAL OAK, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Downtown Development Authority

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 50,000	\$ 50,000	\$ 49,338	\$ (662)
Interest and rentals	300	300	359	59
<b>Total revenues</b>	<b>50,300</b>	<b>50,300</b>	<b>49,697</b>	<b>(603)</b>
<b>Expenditures</b>				
Community and economic development	69,210	69,210	41,761	(27,449)
<b>Net change in fund balance</b>	<b>(18,910)</b>	<b>(18,910)</b>	<b>7,936</b>	<b>26,846</b>
Fund balance, beginning of year	122,017	122,017	122,017	-
<b>Fund balance, end of year</b>	<b>\$ 103,107</b>	<b>\$ 103,107</b>	<b>\$ 129,953</b>	<b>\$ 26,846</b>

## 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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 818,300	\$ 818,300	\$ 416,445	\$ (401,855)
Interest and rentals	1,500	1,500	2,677	1,177
<b>Total revenues</b>	<b>819,800</b>	<b>819,800</b>	<b>419,122</b>	<b>(400,678)</b>
<b>Expenditures</b>				
Community and economic development	819,800	819,800	433,817	(385,983)
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(14,695)</b>	<b>(14,695)</b>
Fund balance, beginning of year	491,282	491,282	491,282	-
<b>Fund balance, end of year</b>	<b>\$ 491,282</b>	<b>\$ 491,282</b>	<b>\$ 476,587</b>	<b>\$ (14,695)</b>

## **STATISTICAL SECTION**



# CITY OF ROYAL OAK, MICHIGAN

## Statistical Section Table of Contents

This part of the City's Annual Comprehensive 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
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	160
<b>Debt Capacity</b> 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.	166
<b>Demographic and Economic Information</b> 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.	176
<b>Operating Information</b> 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.	179

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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			
	2013	2014	2015	2016
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 124,348,655	\$ 126,120,881	\$ 132,341,007	\$ 147,194,839
Restricted	21,020,880	17,742,703	22,551,701	22,766,807
Unrestricted (deficit)	(904,202)	5,117,615	(51,921,632)	(53,192,731)
<b>Total governmental activities net position</b>	<b>144,465,333</b>	<b>148,981,199</b>	<b>102,971,076</b>	<b>116,768,915</b>
<b>Business-type activities:</b>				
Net investment in capital assets	71,310,977	74,792,125	78,110,713	85,228,498
Restricted	-	-	-	-
Unrestricted	18,986,638	19,884,780	13,660,160	12,647,786
<b>Total business-type activities net position</b>	<b>90,297,615</b>	<b>94,676,905</b>	<b>91,770,873</b>	<b>97,876,284</b>
<b>Primary government:</b>				
Net investment in capital assets	195,659,632	200,913,006	210,451,720	232,423,337
Restricted	21,020,880	17,742,703	22,551,701	22,766,807
Unrestricted (deficit)	18,082,436	25,002,395	(38,261,472)	(40,544,945)
<b>Total primary government net position</b>	<b>\$ 234,762,948</b>	<b>\$ 243,658,104</b>	<b>\$ 194,741,949</b>	<b>\$ 214,645,199</b>

Note: GASB statement 68 was implemented in fiscal year 2015, and prior years were not restated.

Note: GASB statement 75 was implemented in fiscal year 2017, and prior years were not restated.

Schedule 1  
UNAUDITED

Fiscal Year Ended June 30					
2017	2018	2019	2020	2021	2022
\$ 162,548,501	\$ 164,150,728	\$ 172,140,496	\$ 183,352,675	\$ 201,877,607	\$ 217,042,279
22,841,819	42,728,743	43,889,577	45,330,003	38,406,593	35,238,663
(123,384,259)	(134,860,007)	(140,275,546)	(157,217,394)	(153,609,925)	(157,272,351)
<u>62,006,061</u>	<u>72,019,464</u>	<u>75,754,527</u>	<u>71,465,284</u>	<u>86,674,275</u>	<u>95,008,591</u>
86,510,191	95,264,335	99,639,992	104,316,911	109,245,957	112,941,252
-	858,762	-	-	-	-
13,468,325	8,206,149	7,334,227	3,795,149	1,360,873	603,473
<u>99,978,516</u>	<u>104,329,246</u>	<u>106,974,219</u>	<u>108,112,060</u>	<u>110,606,830</u>	<u>113,544,725</u>
249,058,692	259,415,063	271,780,488	287,669,586	311,123,564	329,983,531
22,841,819	43,587,505	43,889,577	45,330,003	38,406,593	35,238,663
(109,915,934)	(126,653,858)	(132,941,319)	(153,422,245)	(152,249,052)	(156,668,878)
<u>\$ 161,984,577</u>	<u>\$ 176,348,710</u>	<u>\$ 182,728,746</u>	<u>\$ 179,577,344</u>	<u>\$ 197,281,105</u>	<u>\$ 208,553,316</u>

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental activities:					
General government	\$ 8,685,580	\$ 8,823,978	\$ 9,017,535	\$ 10,233,170	\$ 10,372,611
Public safety	27,661,032	29,807,897	29,965,336	33,545,346	34,856,261
Public works	11,471,347	11,870,834	13,295,707	11,803,571	12,216,069
Health and welfare	1,206,154	1,235,631	834,244	741,945	644,426
Community and economic development	1,384,747	1,381,937	1,444,432	1,442,994	2,371,971
Recreation and culture	3,465,650	3,612,171	3,762,240	4,056,345	3,953,833
Interest on long-term debt	536,155	445,709	431,845	385,521	1,994,475
Total governmental activities expenses	<u>54,410,665</u>	<u>57,178,157</u>	<u>58,751,339</u>	<u>62,208,892</u>	<u>62,208,892</u>
Business-type activities:					
Water and sewer	22,905,058	22,560,736	23,658,591	24,989,668	25,141,329
Parking	3,117,172	2,968,028	2,857,366	3,130,520	2,223,353
Recreation	2,229,831	2,195,258	2,229,514	2,146,622	1,927,746
Farmers market	383,635	426,141	471,484	516,110	531,140
Total business-type activities expenses	<u>28,635,696</u>	<u>28,150,163</u>	<u>29,216,955</u>	<u>30,782,920</u>	<u>30,782,920</u>
Total primary government expenses	<u>83,046,361</u>	<u>85,328,320</u>	<u>87,968,294</u>	<u>92,991,812</u>	<u>92,991,812</u>
<b>Program Revenues</b>					
Governmental activities:					
General government	5,607,879	5,723,862	5,862,692	7,009,130	7,179,495
Public safety	3,534,643	4,151,795	4,563,491	5,474,015	3,875,975
Public works	1,176,769	942,340	1,802,601	2,395,568	1,733,456
Health and welfare	1,054,639	1,053,817	891,010	1,108,659	1,059,388
Community and economic development	427,787	516,728	380,257	478,678	396,907
Recreation and culture	1,921,743	2,001,488	2,031,676	2,122,582	2,236,406
Charges for services	13,723,460	14,390,030	15,531,727	18,588,632	16,481,627
Operating grants and contributions	4,596,773	4,852,240	4,232,338	5,531,956	5,128,426
Capital grants and contributions	81,630	299,977	162,263	148,372	1,917,700
Total governmental activities program revenues	<u>18,401,863</u>	<u>19,542,247</u>	<u>19,926,328</u>	<u>24,268,960</u>	<u>23,527,753</u>
Business-type activities:					
Water and sewer	26,532,412	25,349,015	25,772,888	30,672,689	31,716,708
Parking	3,348,553	3,492,617	3,806,662	3,921,394	3,926,728
Recreation	2,326,020	2,189,652	2,275,535	2,373,123	2,558,056
Farmers market	393,081	477,974	495,244	482,662	488,660
Charges for services	32,600,066	31,509,258	32,350,329	37,449,868	38,690,152
Operating grants and contributions	747,570	634,047	635,612	440,016	354,180
Capital grants and contributions	150,919	-	-	-	-
Total business-type activities program revenues	<u>33,498,555</u>	<u>32,143,305</u>	<u>32,985,941</u>	<u>37,889,884</u>	<u>39,044,332</u>
Total primary government program revenues	<u>84,500,484</u>	<u>83,194,810</u>	<u>85,262,598</u>	<u>99,608,712</u>	<u>101,262,237</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(36,008,802)	(37,635,910)	(38,825,011)	(37,939,932)	(42,881,893)
Business-type activities	4,862,859	3,993,142	3,768,986	7,106,964	9,220,764
Total primary government net expense	<u>(31,145,943)</u>	<u>(33,642,768)</u>	<u>(35,056,025)</u>	<u>(30,832,968)</u>	<u>(33,661,129)</u>

Schedule 2  
UNAUDITED

Fiscal Year Ended June 30					
2018	2019	2020	2021	2022	
\$ 14,363,323	\$ 11,074,646	\$ 11,382,087	\$ 9,635,182	\$ 11,582,239	
29,394,734	40,636,081	45,580,867	26,476,884	38,697,761	
15,108,477	14,389,451	15,575,908	24,982,054	17,387,047	
727,841	764,584	962,860	865,423	939,960	
1,263,096	2,789,079	2,507,284	2,045,845	2,589,823	
4,006,934	5,204,465	4,780,355	1,956,003	3,979,382	
4,836,981	5,497,483	5,340,663	5,169,439	4,976,602	
<u>69,701,386</u>	<u>80,355,789</u>	<u>86,130,024</u>	<u>71,130,830</u>	<u>80,152,814</u>	
28,174,579	27,746,374	27,084,061	26,979,449	27,514,146	
3,269,367	4,466,562	5,298,493	5,077,742	4,259,864	
2,764,962	2,258,175	2,066,368	2,182,520	2,156,647	
574,689	581,748	556,567	492,500	573,094	
<u>34,783,597</u>	<u>35,052,859</u>	<u>35,005,489</u>	<u>34,732,211</u>	<u>34,503,751</u>	
<u>104,484,983</u>	<u>115,408,648</u>	<u>121,135,513</u>	<u>105,863,041</u>	<u>114,656,565</u>	
7,399,361	7,604,110	6,128,105	5,269,272	5,652,253	
5,139,458	4,746,692	3,735,171	3,519,016	3,769,189	
1,074,690	1,063,932	1,037,646	813,470	847,396	
1,145,601	1,067,356	1,092,802	1,045,438	1,314,847	
326,964	471,646	456,433	540,833	282,998	
2,041,403	1,988,743	1,782,524	1,520,595	1,700,454	
<u>17,127,477</u>	<u>16,942,479</u>	<u>14,232,681</u>	<u>12,708,624</u>	<u>13,567,137</u>	
4,997,631	6,650,018	5,739,450	8,264,003	7,106,348	
1,460,071	1,372,826	306,117	1,655,703	1,414,307	
<u>23,585,179</u>	<u>24,965,323</u>	<u>20,278,248</u>	<u>22,628,330</u>	<u>22,087,792</u>	
31,237,079	26,718,253	26,770,023	28,948,071	28,030,479	
4,007,092	4,679,363	3,890,923	2,428,675	3,511,672	
2,345,541	2,264,394	1,645,926	1,059,257	2,266,658	
573,426	479,400	324,484	289,620	536,634	
<u>38,163,138</u>	<u>34,141,410</u>	<u>32,631,356</u>	<u>32,725,623</u>	<u>34,345,443</u>	
968,812	1,022,784	790,924	1,507,746	714,812	
-	-	-	75,953	-	
<u>39,131,950</u>	<u>35,164,194</u>	<u>33,422,280</u>	<u>34,309,322</u>	<u>35,060,255</u>	
<u>100,880,267</u>	<u>94,270,927</u>	<u>86,331,884</u>	<u>89,663,275</u>	<u>91,493,490</u>	
(46,116,207)	(55,390,466)	(65,851,776)	(48,502,500)	(58,065,022)	
4,348,353	111,335	(1,583,209)	(422,889)	556,504	
<u>(41,767,854)</u>	<u>(55,279,131)</u>	<u>(67,434,985)</u>	<u>(48,925,389)</u>	<u>(57,508,518)</u>	

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 34,016,290	\$ 32,605,336	\$ 39,990,264	\$ 40,810,616	\$ 43,475,312
State-shared revenues	8,542,746	9,043,725	8,953,377	9,411,377	10,037,969
Unrestricted investment earnings (loss)	153,669	184,685	72,513	119,498	245,423
Gain on sale of capital assets	-	14,246	31,381	57,705	97,786
Miscellaneous	287,116	663,855	316,812	337,022	682,341
Transfers	(117,698)	(360,071)	2,380,968	1,001,553	(1,155,651)
<b>Total governmental activities</b>	<b>42,882,123</b>	<b>42,151,776</b>	<b>51,745,315</b>	<b>51,737,771</b>	<b>53,383,180</b>
Business-type activities:					
Property taxes	-	-	-	-	-
State-shared revenues	-	-	-	-	-
Unrestricted investment earnings	-	-	-	-	-
Gain on sale of capital assets	-	26,077	272	-	-
Miscellaneous	-	-	-	-	-
Transfers	117,698	360,071	(2,380,968)	(1,001,553)	1,155,651
<b>Total business-type activities</b>	<b>117,698</b>	<b>386,148</b>	<b>(2,380,696)</b>	<b>(1,001,553)</b>	<b>1,155,651</b>
<b>Total primary government</b>	<b>42,999,821</b>	<b>42,537,924</b>	<b>49,364,619</b>	<b>50,736,218</b>	<b>54,538,831</b>
<b>Change in Net Position</b>					
Governmental activities	6,873,321	4,515,866	12,920,304	13,797,839	10,501,287
Business-type activities	4,980,557	4,379,290	1,388,290	6,105,411	10,376,415
<b>Total primary government</b>	<b>\$ 11,853,878</b>	<b>\$ 8,895,156</b>	<b>\$ 14,308,594</b>	<b>\$ 19,903,250</b>	<b>\$ 20,877,702</b>

**Schedule 2**  
**UNAUDITED**

<b>Fiscal Year Ended June 30</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
\$ 44,105,070	\$ 44,701,037	\$ 46,697,585	\$ 48,844,891	\$ 50,566,421	
11,156,084	12,873,364	13,379,442	14,693,549	15,598,185	
737,720	808,200	819,107	51,940	(232,808)	
65,928	53,639	75,848	162,193	107,541	
67,185	373,621	348,684	67,030	304,169	
(2,377)	315,668	241,867	(108,112)	55,830	
<u>56,129,610</u>	<u>59,125,529</u>	<u>61,562,533</u>	<u>63,711,491</u>	<u>66,399,338</u>	
-	2,849,306	2,889,836	2,809,547	2,437,221	
-	-	73,081	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
2,377	(315,668)	(241,867)	108,112	(55,830)	
<u>2,377</u>	<u>2,533,638</u>	<u>2,721,050</u>	<u>2,917,659</u>	<u>2,381,391</u>	
<u>56,131,987</u>	<u>64,192,805</u>	<u>67,004,633</u>	<u>69,546,809</u>	<u>71,162,120</u>	
10,013,403	3,735,063	(4,289,243)	15,208,991	8,334,316	
4,350,730	2,644,973	1,137,841	2,494,770	2,937,895	
<u>\$ 14,364,133</u>	<u>\$ 6,380,036</u>	<u>\$ (3,151,402)</u>	<u>\$ 17,703,761</u>	<u>\$ 11,272,211</u>	

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
General fund					
Nonspendable	\$ 37,402	\$ -	\$ 10,974	\$ 11,007	\$ 2,942
Restricted	529,726	644,917	768,682	695,389	823,324
Assigned	2,950,000	2,855,000	3,092,000	3,092,000	593,000
Unassigned	7,391,788	11,149,199	13,085,091	14,481,359	21,321,516
Total general fund	<u>10,908,916</u>	<u>14,649,116</u>	<u>16,956,747</u>	<u>18,279,755</u>	<u>22,740,782</u>
All other governmental funds					
Nonspendable	179,085	147,066	172,509	190,679	207,663
Restricted	14,758,634	16,950,720	21,610,510	21,943,777	21,902,318
Committed	-	-	-	-	-
Assigned	2,277,340	3,101,828	2,317,454	2,046,139	898,444
Total all other governmental funds	<u>17,215,059</u>	<u>20,199,614</u>	<u>24,100,473</u>	<u>24,180,595</u>	<u>23,008,425</u>
Total governmental funds	<u><u>\$ 28,123,975</u></u>	<u><u>\$ 34,848,730</u></u>	<u><u>\$ 41,057,220</u></u>	<u><u>\$ 42,460,350</u></u>	<u><u>\$ 45,749,207</u></u>

Schedule 3  
UNAUDITED

Fiscal Year Ended June 30					
2018	2019	2020	2021	2022	
\$ -	\$ 14,553	\$ 10,942	\$ 11,998	\$ 168,052	
942,818	1,055,028	1,158,516	992,918	882,191	
616,000	538,373	441,572	553,201	643,939	
19,445,520	16,526,632	13,625,862	14,969,214	9,082,144	
<u>21,004,338</u>	<u>18,134,586</u>	<u>15,236,892</u>	<u>16,527,331</u>	<u>10,776,326</u>	
145,721	146,398	182,813	171,370	221,669	
68,519,731	69,576,434	49,063,314	36,431,851	30,829,825	
-	-	-	-	2,195,096	
1,246,580	1,572,982	1,611,509	2,503,266	1,960,096	
<u>69,912,032</u>	<u>71,295,814</u>	<u>50,857,636</u>	<u>39,106,487</u>	<u>35,206,686</u>	
<u><u>\$ 90,916,370</u></u>	<u><u>\$ 89,430,400</u></u>	<u><u>\$ 66,094,528</u></u>	<u><u>\$ 55,633,818</u></u>	<u><u>\$ 45,983,012</u></u>	

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

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

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
<b>Revenues</b>					
Taxes	\$ 32,657,464	\$ 33,040,104	\$ 40,327,885	\$ 40,812,298	\$ 42,842,346
Licenses and permits	4,231,944	4,838,254	5,346,516	6,629,135	5,266,746
Federal grants	2,536,488	2,216,600	1,840,046	1,677,378	874,059
State grants	9,021,184	9,492,853	9,675,169	10,362,532	10,565,275
Charges for services	5,303,604	4,973,544	5,606,654	6,513,571	5,573,732
Fines and forfeitures	4,057,370	4,425,958	4,546,629	5,399,533	5,521,496
Interest and rentals	525,311	557,892	465,430	571,454	853,631
Contributions and donations	1,338,658	2,077,707	1,272,088	2,217,097	2,886,747
Other revenue	408,205	884,467	583,449	876,644	3,028,574
<b>Total revenues</b>	<b>60,080,228</b>	<b>62,507,379</b>	<b>69,663,866</b>	<b>75,059,642</b>	<b>77,412,606</b>
<b>Expenditures</b>					
General government	7,999,871	8,195,123	8,805,147	10,259,300	10,725,709
Public safety	24,773,584	26,703,494	30,347,526	31,858,670	36,112,017
Public works	13,547,204	14,049,998	18,827,277	24,544,700	26,548,191
Health and welfare	769,483	805,658	858,501	735,301	675,256
Community and economic development	1,426,415	1,413,899	1,416,767	1,396,557	2,393,734
Recreation and culture	3,262,250	3,602,859	3,815,200	4,042,879	4,145,786
Debt service:					
Principal payments	1,020,000	1,095,000	1,356,000	1,423,000	1,480,876
Interest and paying agent fees	520,597	437,427	401,704	399,159	231,120
Bond issuance costs	-	-	32,838	-	-
<b>Total expenditures</b>	<b>53,319,404</b>	<b>56,303,458</b>	<b>65,860,960</b>	<b>74,659,566</b>	<b>82,312,689</b>
Revenue over (under) expenditures	6,760,824	6,203,921	3,802,906	400,076	(4,900,083)
<b>Other financing sources (uses)</b>					
Issuance of long-term debt	4,965,000	1,127,000	2,053,000	3,258,578	-
Premium on issuance of long-term debt	292,966	-	-	153,451	-
Payment to refunded bond escrow agent	(5,060,000)	-	(2,020,162)	(3,353,620)	-
Transfers in	20,175,143	21,563,760	25,286,037	31,612,692	40,259,720
Transfers out	(21,392,144)	(22,169,926)	(22,913,344)	(30,668,047)	(32,070,780)
Proceeds from sale of assets	-	-	53	-	-
<b>Total other financing sources (uses)</b>	<b>(1,019,035)</b>	<b>520,834</b>	<b>2,405,584</b>	<b>1,003,054</b>	<b>8,188,940</b>
<b>Net change in fund balances</b>	<b>\$ 5,741,789</b>	<b>\$ 6,724,755</b>	<b>\$ 6,208,490</b>	<b>\$ 1,403,130</b>	<b>\$ 3,288,857</b>
Debt service as a percentage of noncapital expenditures	3.18%	2.90%	2.98%	3.03%	2.57%

**Schedule 4**  
**UNAUDITED**

<b>Fiscal Year Ended June 30</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
\$ 44,116,492	\$ 45,410,295	\$ 46,963,539	\$ 48,943,009	\$ 50,417,700	
6,468,067	5,931,078	5,307,655	4,872,742	4,408,231	
622,073	1,871,525	1,265,205	5,252,341	2,591,531	
12,060,928	14,094,799	13,995,554	15,113,013	15,941,851	
5,194,808	5,393,336	4,604,932	4,574,298	4,868,160	
5,565,482	5,541,735	4,292,710	3,126,835	3,619,982	
1,454,753	2,782,918	2,283,567	509,679	287,411	
2,154,924	2,789,395	2,672,482	3,315,920	5,062,427	
2,110,299	589,827	558,566	277,695	654,312	
<u>79,747,826</u>	<u>84,404,908</u>	<u>81,944,210</u>	<u>85,985,532</u>	<u>87,851,605</u>	
14,458,355	9,153,431	10,135,722	9,962,483	11,703,133	
26,760,217	28,661,241	31,039,097	30,780,622	33,430,481	
20,919,825	28,201,992	44,386,260	35,049,488	24,184,707	
725,657	726,938	948,261	914,455	986,241	
1,231,554	2,351,165	2,093,136	1,955,139	2,796,118	
3,789,977	4,662,412	4,627,144	5,000,825	12,020,804	
5,770,485	7,130,551	6,878,317	7,024,212	7,233,367	
4,476,624	5,318,816	5,378,012	5,213,361	5,028,390	
<u>78,132,694</u>	<u>86,206,546</u>	<u>105,485,949</u>	<u>95,900,585</u>	<u>97,383,241</u>	
<u>1,615,132</u>	<u>(1,801,638)</u>	<u>(23,541,739)</u>	<u>(9,915,053)</u>	<u>(9,531,636)</u>	
40,965,000	-	-	-	-	
3,018,257	-	-	-	-	
-	-	-	-	-	
27,383,727	30,891,461	26,612,342	21,599,699	26,203,391	
(27,386,104)	(30,575,793)	(26,406,475)	(22,145,356)	(26,322,561)	
<u>43,980,880</u>	<u>315,668</u>	<u>205,867</u>	<u>(545,657)</u>	<u>(119,170)</u>	
<u>\$ 45,596,012</u>	<u>\$ (1,485,970)</u>	<u>\$ (23,335,872)</u>	<u>\$ (10,460,710)</u>	<u>\$ (9,650,806)</u>	

2.57%      18.10%      16.77%      17.14%      15.40%

## CITY OF ROYAL OAK, MICHIGAN

### Revenue Capacity Information

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Tax Year	Fiscal Year	Residential	Commercial	Industrial	Personal	IFT Real and Personal Tax
2012	2013	\$ 1,626,988,850	\$ 391,226,770	\$ 41,045,340	\$ 137,095,330	\$ 9,577,040
2013	2014	1,671,311,400	379,835,840	36,914,920	135,277,840	9,507,670
2014	2015	1,724,404,970	375,365,660	36,935,510	131,328,570	9,076,090
2015	2016	1,799,260,920	378,983,060	37,730,500	142,368,610	7,856,290
2016	2017	1,879,373,700	393,810,370	39,070,030	123,548,190	6,267,280
2017	2018	1,974,284,140	405,165,090	38,888,620	131,044,220	5,724,260
2018	2019	2,087,920,010	423,697,010	39,757,990	125,109,600	5,264,590
2019	2020	2,205,346,400	481,298,370	40,962,070	126,101,530	4,493,540
2020	2021	2,323,253,670	515,657,620	41,963,590	134,178,010	4,238,960
2021	2022	2,422,933,940	553,148,620	43,098,150	143,987,440	-

Note: Under Michigan law, the revenue base is referred to as "Taxable Value."

This amount represents assessed value (50% of true cash value), limited for each property to be the lower of 5% or inflation.

Source: City Assessor's records.

Schedule 5  
UNAUDITED

Total Taxable Value	Direct Tax Rate (mills)	Total SEV	Taxable Value as a % of SEV
\$ 2,205,933,330	15.2011	\$ 2,344,988,010	94.1%
2,232,847,670	15.1652	2,329,974,790	95.8%
2,277,110,800	18.1551	2,505,604,540	90.9%
2,366,199,380	17.6807	2,693,722,050	87.8%
2,442,069,570	17.8761	2,853,811,830	85.6%
2,555,106,330	17.6389	3,081,891,080	82.9%
2,681,749,200	18.6234	3,189,816,240	84.1%
2,858,201,910	18.1187	3,453,022,910	82.8%
3,019,291,850	17.8496	3,686,895,500	81.9%
3,163,168,150	17.4679	3,912,573,490	80.8%

## CITY OF ROYAL OAK, MICHIGAN

### Revenue Capacity Information

Property Tax Rates - Direct and Overlapping  
Last Ten Fiscal Years

Tax Year	Fiscal Year	Direct City Taxes - Millage Rates (\$1 per 1,000) (1)									
		General Operating		Solid Waste Operating		Library Operating	Public Safety Operating	Roads	Voted Debt	Drain Debt	Total Direct Taxes
		Charter	Publications	Refuse-State	Refuse-Voted						
2012	2013	7.3947	0.0225	2.0164	0.9965	0.9597	3	n/a	0.3363	n/a	15.2011
2013	2014	7.3947	0.0223	2.0164	0.9965	0.9597	3.475	n/a	0.3006	n/a	15.1652
2014	2015	7.3947	0.0218	2.0164	0.9965	0.9597	3.975	2.5000	0.2910	n/a	18.1551
2015	2016	7.3695	0.0223	2.0095	0.5931	0.9564	3.961	2.4915	0.2770	n/a	17.6807
2016	2017	7.2899	0.0206	1.9877	0.9823	0.9460	3.919	2.4645	0.2665	n/a	17.8761
2017	2018	7.2031	0.0195	1.9640	0.9706	0.9347	3.872	2.4351	0.2400	n/a	17.6389
2018	2019	7.1389	0.0180	1.9465	0.9619	0.9263	3.837	2.4134	0.2450	1.1360	18.6234
2019	2020	7.0625	0.0169	1.9256	0.7016	0.9163	3.7963	2.3875	0.2270	1.0850	18.1187
2020	2021	6.9890	0.0160	1.9055	0.6940	0.9067	3.7568	2.3626	0.2175	1.0015	17.8496
2021	2022	6.9058	0.0154	1.8828	0.6940	0.8959	3.7120	2.3344	0.2056	0.8220	17.4679

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 (reduced by Headlee) that may be levied by the City without a vote of our residents, as follows:

Tax Year	Fiscal Year	General Operating		Solid Waste Operating		Library Operating	Voted Debt	Drain Debt
		Charter	Publications	Refuse-State	Refuse-Voted			
2021	2022	6.9058	0.0154	1.8828	0.9304	0.8959	0.2056	0.8220

not to exceed  
\$50,000 / year

(2) County Tax rate includes Oakland County General Operating, Oakland County Parks and Recreation, Huron Clinton Metro Authority, Oakland County Art Institute Authority, and the Oakland County Zoological Authority.

(3) Royal Oak Schools serve 97.29% 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.

Schedule 6  
UNAUDITED

County Taxes (2)	Inter- mediate School District	Overlapping Taxes		Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (4)		Downtown Development Authority (DDA) (5)
		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.	
5.3361	3.3690	1.5844	6.0000	31.4906	7.7300	22.7100	39.2206	54.2006	1.6477
5.3361	3.3690	1.5844	6.0000	31.4547	7.7300	22.7500	39.1847	54.2047	1.6477
5.9461	3.3690	1.5844	6.0000	35.0546	7.1928	22.7500	42.2474	57.8046	1.6477
5.8448	3.3633	1.5819	6.0000	34.4707	7.3842	22.7466	41.8549	57.2173	1.6409
5.7850	3.3398	1.5707	6.0000	34.5716	7.2911	22.7363	41.8627	57.3079	1.6146
5.7712	3.3079	1.5555	6.0000	34.2735	6.6955	22.2253	40.9690	56.4988	1.6146
5.7805	3.2813	1.5431	6.0000	35.2283	6.5245	22.2160	41.7528	57.4443	1.6021
5.5746	3.2539	1.5303	6.0000	34.4775	6.0511	21.9568	40.5286	56.4343	1.6021
4.8682	3.2280	1.5184	6.0000	33.4642	6.2372	21.9470	39.7014	55.4112	1.6021
4.8544	3.2012	1.5057	6.0000	33.0292	5.3966	21.5361	38.4258	54.5653	1.6003

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 7  
 UNAUDITED

**Revenue Capacity Information**

 Principal Property Taxpayers  
 Current Year and Nine Years Ago

Taxpayer	Assessment Year					
	2013			2022		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Consumers Energy Company	\$ 15,262,510	3	0.69%	\$ 50,460,650	1	1.60%
DTE Electric Company	22,163,440	1	1.00%	31,562,040	2	1.00%
William Beaumont Hospital	17,446,290	2	0.79%	29,171,310	3	0.88%
The Griffin Singh, LLC				27,863,620	4	0.92%
Central Park Development Group, LLC				22,404,030	5	0.71%
Trailhead RO, LLC				18,335,750	6	0.58%
Midtown Pointe, LLC				13,628,810	7	0.43%
Meijer				7,562,930	8	0.24%
LL Real Estate, LLC				6,947,270	9	0.22%
H2 Royal Oak, LLC				6,845,780	10	0.22%
HHI FormTech Industries	14,292,680	4	0.65%			
Flex-N-Gate	13,896,000	5	0.63%			
Amber Equities, LLC	12,250,660	6	0.56%			
Sears Holding	8,381,480	7	0.38%			
New Par / Verizon	8,126,810	8	0.37%			
Main Eleven Royal Oak	7,013,550	9	0.32%			
CH Royal Oak, LLC	6,948,350	10	0.31%			
Total taxable value of ten largest taxpayers	125,781,770		5.70%	214,782,190		6.79%
Total taxable value of all other taxpayers	2,080,151,560		94.30%	2,948,385,960		93.21%
Total taxable value of all taxpayers	<u>\$ 2,205,933,330</u>		<u>100.00%</u>	<u>\$ 3,163,168,150</u>		<u>100.00%</u>

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			Total Collections to Date		
			Amount (1)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy	
2012	2013	\$ 32,676,999	\$ 32,629,339	99.85%	\$ 25,795	\$ 32,655,134	99.93%	
2013	2014	34,509,624	34,431,897	99.77%	5,263	34,437,160	99.79%	
2014	2015	42,085,769	41,995,560	99.79%	5,000	42,000,560	99.80%	
2015	2016	42,669,442	42,466,820	99.53%	25,000	42,491,820	99.58%	
2016	2017	44,457,247	44,292,016	99.63%	3,927	44,295,943	99.64%	
2017	2018	46,295,048	46,234,701	99.87%	16,534	46,251,236	99.90%	
2018	2019	51,365,486	51,312,532	99.89%	14,577	51,327,109	99.93%	
2019	2020	53,088,120	52,877,478	99.60%	19,961	52,897,439	99.64%	
2020	2021	55,853,760	55,736,118	99.79%	15,222	55,751,340	99.82%	
2021	2022	57,666,619	57,567,563	99.83%	9,293	57,576,856	99.84%	

(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

	Fiscal Year Ended June 30,			
	2013	2014	2015	2016
<b>Governmental Activities</b>				
General obligation bonds	\$ 14,670,478	14,302,563	\$ 12,634,354	\$ 10,960,611
<b>Business-type Activities</b>				
General obligation bonds	23,147,426	21,597,831	15,475,000	15,658,150
Revenue bonds, loans, and contractual obligations	23,739,452	21,778,969	24,281,284	21,655,862
Total	<u>46,886,878</u>	<u>43,376,800</u>	<u>39,756,284</u>	<u>37,314,012</u>
Total debt of the City	<u>\$ 61,557,356</u>	<u>\$ 57,679,363</u>	<u>\$ 52,390,638</u>	<u>\$ 48,274,623</u>
Total personal income	\$ 3,169,998,966	\$ 3,316,943,085	\$ 3,365,977,560	\$ 3,508,809,444
Ratio of total debt to personal income	1.94%	2.58%	1.56%	1.38%
Total population	59,478	59,485	59,016	58,716
Total debt per capita	\$1,035	\$970	\$888	\$822

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

Source: City Finance Department

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UNAUDITED

<b>Fiscal Year Ended June 30,</b>					
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 122,979,133	\$ 158,311,355	\$ 150,496,176	\$ 142,919,667	\$ 135,396,758	\$ 127,680,471
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
27,525,472	28,057,005	26,262,269	24,433,635	22,366,828	20,462,696
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
32,233,267	44,891,919	41,273,933	36,716,686	32,241,339	28,257,817
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
59,758,739	72,948,924	67,536,202	61,150,321	54,608,167	48,720,513
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 182,737,872	\$ 231,260,279	\$ 218,032,378	\$ 204,069,988	\$ 190,004,925	\$ 176,400,984
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,744,166,724	\$ 2,413,247,400	\$ 2,434,392,801	\$ 2,867,643,429	\$ 2,990,945,765	\$ 3,002,174,000
4.88%	9.58%	8.96%	7.12%	6.35%	5.88%
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
59,006	59,112	59,461	59,277	59,195	58,211
\$3,097	\$3,912	\$3,667	\$3,443	\$3,210	\$3,030

## CITY OF ROYAL OAK, MICHIGAN

### ■ Debt Capacity Information

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities	
	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
2013	\$ 9,337,563	\$ 4,965,000	\$ 176,120	\$ 21,597,831	\$ 35,724,274
2014	9,827,563	4,475,000	108,875	21,597,831	35,791,519
2015	8,659,354	3,975,000	109,435	15,475,000	27,999,919
2016	7,500,611	3,460,000	101,733	15,658,150	26,517,028
2017	120,054,133	2,925,000	91,486	27,525,472	150,413,119
2018	155,936,355	2,375,000	47,799	28,057,005	186,320,561
2019	148,686,176	1,810,000	50,444	26,262,269	176,708,001
2020	141,694,667	1,225,000	-	24,433,635	167,353,302
2021	134,776,758	620,000	-	22,366,828	157,763,586
2022	127,680,471	-	-	20,462,696	148,143,167

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

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Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
\$ 2,205,933,330	1.62%	59,478	\$ 601
2,232,847,670	1.60%	59,485	602
2,277,110,800	1.23%	59,016	474
2,366,199,380	1.12%	58,716	452
2,442,069,570	6.16%	59,006	2,549
2,555,106,330	7.29%	59,112	3,152
2,681,749,200	6.59%	59,461	2,972
2,858,201,910	5.86%	59,277	2,823
3,019,291,850	5.23%	59,195	2,665
3,163,168,150	4.68%	58,211	2,545



**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 11  
 UNAUDITED

**Debt Capacity Information**

 Direct and Overlapping Governmental Activities Debt  
 June 30, 2022

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Per Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 127,680,471	\$ -	\$ 127,680,471	\$ 2,193	4.04%
<b>Overlapping Debt:</b>					
Royal Oak School District	\$ 41,955,000	97.29%	\$ 40,818,020		
Berkley School District	47,345,000	1.81%	856,945		
Clawson School District	62,782,729	0.95%	596,436		
Oakland County at large	220,654,700	4.83%	10,657,622		
Oakland Intermediate School District	41,070,000	4.85%	1,991,895		
Oakland County Community College	-	4.87%	-		
<b>Total Overlapping Debt</b>	<b>413,807,429</b>		<b>54,920,917</b>	<b>943</b>	<b>1.74%</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 541,487,900</b>		<b>\$ 182,601,388</b>	<b>\$ 3,137</b>	<b>5.78%</b>

(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	2013	2014	2015	2016
Valuation base				
State equalized valuation - excluding IFT values	\$ 2,335,410,970	\$ 2,320,467,120	\$ 2,496,528,450	\$ 2,685,865,760
Plus: equivalent valuation of Act 198 exemptions	9,577,040	9,507,670	9,076,090	7,856,290
Total valuation	<u>\$ 2,344,988,010</u>	<u>\$ 2,329,974,790</u>	<u>\$ 2,505,604,540</u>	<u>\$ 2,693,722,050</u>
Legal debt limitation - 10% of total valuation	\$ 234,498,801	\$ 232,997,479	\$ 250,560,454	\$ 269,372,205
Calculation of debt subject to limit:				
Debt outstanding	61,696,839	57,679,363	52,390,638	48,274,623
Less: bonds not subject to limit	(35,986,839)	(33,001,356)	(29,925,435)	(25,246,458)
Net debt subject to limit	<u>25,710,000</u>	<u>24,678,007</u>	<u>22,465,203</u>	<u>23,028,165</u>
Additional debt which can be legally incurred	<u>\$ 208,788,801</u>	<u>\$ 208,319,472</u>	<u>\$ 228,095,251</u>	<u>\$ 246,344,040</u>
Non-exempt debt as a percent of debt limit	10.96%	10.59%	8.97%	8.55%

Source: City Finance Department

Note:

Section 21 of Article VII of the Michigan Constitution authorizes the enactment of laws for the incorporation of cities and grants cities the power to levy taxes for public purposes, subject to statutory and constitutional limitation:

The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their range 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 public purposes, subject to limitations and prohibitions provided by the constitution or by law.

In accordance with the foregoing, the Home Rule City Act, Act 279, Michigan Public Acts, 1909, as amended, limits the amount of debt a home rule city may have outstanding at any time. Section 4-a of the Home Rule City Act provides, in pertinent part:

Notwithstanding a charter provision to the contrary the net indebtedness incurred for all public purposes shall not exceed the greater of the following:

(a) Ten percent of the assessed value of all the real and personal property in the city.

(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."

Per the city legal counsel:

The provision of the Home Rule City Act cited above overrides the city's charter provision which limits city indebtedness to five percent of the "assessed valuation" (SEV) of all real and personal property in the city. Other limitations may apply, however, if specifically set forth in a statute authorizing a particular kind of borrowing.

Certain types of indebtedness are not subject to the 10% limitation of the Home Rule City Act, including: special assessment bonds, Michigan transportation fund bonds and revenue bonds, whether secured by a mortgage or not; bonds issued or contract obligations or assessment 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, or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution; and bonds issued for construction, improvements and replacement of a combined sewer overflow abatement facility. The resources of a sinking fund pledged for the retirement of outstanding bonds shall also be excluded in computing the debt limitation.

Schedule 12  
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2017	2018	2019	2020	2021	2022
\$ 2,847,544,550	\$ 3,076,626,490	\$ 3,184,551,650	\$ 3,448,529,370	\$ 3,682,656,540	\$ 3,912,573,490
6,267,280	5,264,590	5,264,590	4,493,540	4,238,960	-
<u>\$ 2,853,811,830</u>	<u>\$ 3,081,891,080</u>	<u>\$ 3,189,816,240</u>	<u>\$ 3,453,022,910</u>	<u>\$ 3,686,895,500</u>	<u>\$ 3,912,573,490</u>
 <u>\$ 285,381,183</u>	<u>\$ 308,189,108</u>	<u>\$ 318,981,624</u>	<u>\$ 345,302,291</u>	<u>\$ 368,689,550</u>	<u>\$ 391,257,349</u>
 182,737,872	231,260,279	218,032,378	204,069,988	190,004,925	176,400,984
(32,379,766)	(45,150,494)	(41,273,933)	(36,716,686)	(32,241,339)	(28,257,817)
<u>150,358,106</u>	<u>186,109,785</u>	<u>176,758,445</u>	<u>167,353,302</u>	<u>157,763,586</u>	<u>148,143,167</u>
<u>\$ 135,023,077</u>	<u>\$ 122,079,323</u>	<u>\$ 142,223,179</u>	<u>\$ 177,948,989</u>	<u>\$ 210,925,964</u>	<u>\$ 243,114,182</u>
 52.69%	60.39%	55.41%	48.47%	42.79%	37.86%

**Debt Capacity Information**

Computation of Legal Debt Margin

Last Ten Fiscal Years

Pursuant to the statutory and constitutional debt provisions set forth above, the following table reflects the amount of additional debt the city may legally incur as of June 2022.

	10% SEV	5% SEV*
FY 21-22 State Equalized Value (SEV)	\$ 3,912,573,490	\$ 3,912,573,490
Debt limit	391,257,349	195,628,675
Debt outstanding	176,400,984	176,400,984
Less: exempt obligations	(28,257,817)	(132,657,822)
Debt subject to SEV limitation	148,143,167	43,743,162
Additional debt which may be legally incurred	243,114,182	151,885,513
Non-exempt debt outstanding as a percentage of SEV	3.79%	1.12%

\* In accordance with the Revised Municipal Finance Act

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 13  
 UNAUDITED

**Debt Capacity Information**

 Pledged Revenue Coverage  
 Last Ten Fiscal Years

Fiscal Year	Parking Revenue Bonds							Coverage
	Parking Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement				
				Principal	Interest	Total		
2017	\$ 3,926,728	\$ 2,925,904	\$ 1,000,824	\$ -	\$ 137,363	\$ 137,363	729%	
2018	4,007,092	1,713,398	2,293,694	675,000	487,013	1,162,013	197%	
2019	4,679,363	2,307,737	2,371,626	700,000	461,576	1,161,576	204%	
2020	3,890,923	2,435,450	1,455,473	1,570,000	999,907	2,569,907	57%	
2021	2,428,675	1,818,852	609,823	1,630,000	941,981	2,571,981	24%	
2022	3,511,672	1,948,654	1,563,018	1,695,000	881,791	2,576,791	61%	

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

Source: City Finance Department

## CITY OF ROYAL OAK, MICHIGAN

### Demographic and Economic Information

#### Demographic Statistics

#### Last Ten Fiscal Years

Fiscal Year Ended June 30	Number of Households (1)	Population (1)	Per Capita Personal Income (2)	Total Personal Income (\$000)	Median Age (1)	School Enrollment (3)
2013	29,342	59,478	\$ 53,297	\$ 3,169,999	37.8	5,163
2014	29,399	59,485	55,761	3,316,943	37.8	5,171
2015	29,192	59,016	57,035	3,365,978	37.8	4,900
2016	29,122	58,716	59,759	3,508,809	37.8	4,053
2017	29,016	59,006	63,454	3,744,167	39.8	4,975
2018	30,421	59,112	**40,825	2,413,247	36.5	4,952
2019	30,391	59,461	**40,941	2,434,393	36.2	4,995
2020	30,473	59,277	**48,377	2,867,643	36.0	5,138
2021	31,054	59,195	**50,527	2,990,946	35.8	5,002
2022	31,244	58,211	**51,574	3,002,174	35.3	4,917

#### Source:

- (1) U.S. Census Bureau, 2020 American Community Survey 5-year estimates
- (2) U.S. Census Bureau, 2020 American Community Survey 5-year estimates  
\*\*years 2017 and prior show median income, per capita personal income will be shown based on 5-year data estimates collected annually in the American Community Survey
- (3) Michigan's Center for Educational Performance and Information, Student Enrollment Count for Royal Oak School District, All Grades and All Students (2021-22).
- (4) Michigan Bureau of Labor Market Information and Strategic Initiatives  
June 2022 estimates (not seasonally adjusted)

Schedule 14  
UNAUDITED

Royal Oak (4)		Michigan (4)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
34,121	5.3%	4,760	8.7%
33,955	5.0%	4,812	7.9%
36,941	3.0%	4,806	6.0%
38,139	2.9%	4,838	4.6%
41,641	3.6%	4,865	3.8%
38,317	2.1%	4,911	4.4%
39,406	2.3%	5,007	4.4%
34,845	9.5%	4,988	15.0%
37,034	2.2%	4,753	5.3%
38,464	2.2%	4,877	4.8%

**CITY OF ROYAL OAK, MICHIGAN**
**Schedule 15  
UNAUDITED**
**Demographic and Economic Information**

Principal Employers

Current Year and Nine Years Ago

Company Name	Product/Service	2013			2022		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	10,386	1	30.44%	8,509	1	22.12%
Royal Oak Public Schools	Education	407	4	1.19%	760	2	1.98%
City of Royal Oak	Municipality	442	2	1.30%	501	3	1.30%
Flex-n-Gate	Automotive supplier	380	5	1.11%	393	4	1.02%
Consumers Energy	Utility	315	8	0.92%	375 *	5	0.97%
Detroit Zoo	Zoo	350	6	1.03%	372	6	0.97%
Kroger	Retailer/grocery store				290 *	7	0.75%
Oakland Community College	Education	437	3	1.28%	265	8	0.69%
Holiday Market	Retailer/grocery store	275	9	0.81%	243	9	0.63%
Meijer	Retailer/grocery store	327	7	0.96%	234 *	10	0.61%
HHI - Form Tech Industries, LLC	Automotive supplier	250	10	0.73%			
<b>Total</b>		<b><u>13,569</u></b>		<b><u>39.77%</u></b>	<b><u>11,942</u></b>		<b><u>31.05%</u></b>

Note: \*Indicates fiscal year 2021 employee count, as information for fiscal year 2022 was not available at the time.

Sources: Royal Oak Finance Department

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 16  
 UNAUDITED

**Operating Information**

 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function / Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	26	24	26	26	29	29	29	29	29	29
Other police vehicles	15	25	24	24	24	26	26	26	26	26
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	4	4
Mobile command center	0	0	0	0	-	-	-	0	0	0
Other fire vehicles	*	10	10	10	10	10	10	10	10	11
Public Parking										
Spaces	3,678	3,730	3,815	3,815	3,465	3,785	3,889	4,339	4,339	4,404
Decks	1,532	1,532	1,532	1,532	1,532	1,983	2,564	2,564	2,564	2,569
Lots	1,380	1,380	1,473	1,473	1,195	974	522	816	816	876
Streets	766	818	810	810	738	783	803	959	959	959
Meters	2,210	2,203	2,203	2,203	1,352	1,352	1,268	1,775	1,390	236
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	50	50	51	51	51	51	51	51	51	51
Park acreage	310	310	352	352	352	352	352	352	352	352
Golf courses/holes	2 / 9 ea.	2 / 9 ea.	1 / 9 ea.							
Indoor ice skating surfaces	2	2	2	2	2	2	2	2	2	2
Tennis courts	32 / 1 pickleball	32 / 1 pickleball	31 / 2 pickleball	30 / 2 pickleball						
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	181,474	186,223	184,362	179,393	162,945	154,781	152,589	146,338	144,962	141,641
Public computers	44	38	38	37	36	36	30	30	31	31
Roads and Sidewalks										
Miles of major streets	63.96	63.96	63.96	63.96	63.96	63.96	63.96	63.96	63.96	64.26
Miles of local streets	148.24	148.41	148.41	148.63	148.63	148.63	148.63	148.86	148.86	148.16
Miles of sidewalk	421.3	422.2	423	423	425	428	429	429	428.43	428.45
Utilities										
Water										
Miles of water main	218	217.59	219	219	219	219	219	219	219.48	220.35
Miles of sewer	359	359.27	361	361	362	363	363	363	362.91	362.96
Number of hydrants	2,127	2,138	2,138	2,138	2,159	2,167	2,194	2,198	2,198	2,207
Forestry										
Number of trees in rights-of-way	20,541	20,262	27,149	26,456	18,983	18,922	18,951	18,737	18,370	18,428

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	2013	2014	2015	2016
Election data (calendar year)				
Registered voters	49,080	49,124	48,202	48,898
Elections held	1	2	2	3
Voters (at the polls or absentee)	12,555	23,734	12,305	35,350
Percent voting	25.6%	48.3%	25.5%	72.3%
Vital Records (calendar year)				
Birth	5,072	5,384	5,958	6,703
Death	1,767	1,435	1,763	1,693
District Court (calendar year)				
Number of court cases by judges/magistrates	13,140	15,223	18,969	32,027
Number of traffic tickets disposed	12,835	14,495	15,095	25,158
Number of criminal cases disposed	3,913	3,141	4,269	2,604
Number of civil cases disposed	2,945	2,561	2,349	3,254
Number of parking tickets disposed	93,388	95,643	93,115	92,658
Assessing				
Parcels (tax / calendar year)	27,641	27,693	27,791	27,857
Documents processed (prior to 2008 PTAs only)	4,284	9,561	8,190	11,849
Building and Safety				
Permits issued	1,779	2,030	2,374	2,194
Estimated permit value (\$000)	\$70,480	\$81,609	\$77,778	\$167,991
Police (calendar year, 2010 through June 30)				
Calls for service	40,744	44,616	48,051	46,563
Group A offenses	2,305	2,205	2,320	2,309
Group B offenses	1,271	1,228	1,296	1,333
Traffic violations issued	12,317	14,147	13,178	16,003
Parking violations issued	96,385	92,454	86,955	75,627
Fire				
Fire runs	2,020	2,158	2,277	2,179
Emergency medical runs	3,993	3,789	3,778	3,976
Inspections	448	464	590	611
Human Resources				
Employment applications - full & part-time	1,007	901	1,142	688
Hires, position changes, retirements, terminations	154	290	383	176
Workers' comp. claims filed - medical & indemnity	63	57	41	44
Health insurance enrollees - Employees	266	225	242	245
Health insurance enrollees - Retirees	440	420	434	431

Source: City Departments

Note: \* Information not available

Schedule 17  
UNAUDITED

2017	2018	2019	2020	2021	2022
48,314	48,316	49,155	52,017	50,970	*
1	2	1	3	1	*
12,419	32,898	13,290	39,658	15,030	*
25.8%	68.1%	27.0%	76.2%	29.5%	*
6,903	6,878	7,154	6,881	7,103	*
1,736	1,730	1,644	1,839	1,960	*
29,386	30,805	31,461	57,930	50,988	*
22,390	23,379	23,314	11,785	10,590	*
2,456	2,746	2,420	2,528	3,585	*
4,540	4,835	3,300	3,903	5,327	*
80,281	71,024	62,415	42,156	28,757	*
27,904	28,049	28,025	28,049	28,027	28,137
15,209	14,529	14,705	14,597	11,764	10,349
2,402	2,399	2,904	2,090	2,888	2,551
\$121,953	\$214,660	\$155,516	\$111,755	\$142,857	\$90,777
49,139	48,450	51,852	45,120	37,496	*
1,962	1,628	1,438	1,201	1,403	*
1,400	1,140	1,030	769	858	*
15,827	14,523	15,688	8,964	8,538	*
67,537	56,869	69,175	37,542	23,902	*
2,121	2,112	1,954	1,633	1,751	2,052
3,883	4,104	4,158	4,309	3,903	4,840
702	496	647	309	564	808
2,374	1,205	2,047	955	1,091	2,026
322	107	203	221	427	218
50	25	41	53	40	42
321	263	263	257	260	274
461	379	425	433	431	441

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Operating Information

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

Function / Program	2013	2014	2015	2016
Library (*Number of visitors based on door counts. Beginning in 2018, this amount was cut in half to account for those leaving.)				
Cardholders - new registrations	3,648	3,667	3,697	3,634
Cardholders - total registrations	32,367	30,855	32,914	33,140
Circulation - number of transactions	405,101	393,843	378,252	372,934
Number of visitors	519,595	341,951	213,784	347,223
Number of computer uses	66,234	55,699	42,871	36,782
Number of programs/events offered	521	483	439	425
Number of program/event attendees	15,441	14,093	10,885	13,518
Parks and recreation				
Ice rental and other use (hours per calendar year)	7,888	7,932	8,087	8,193
Recreation program participants	16,688	16,320	16,055	16,222
Golf Course				
Rounds of Golf - Normandy Oaks	9,127	8,432	-	-
Rounds of Golf - Royal Oak	16,240	16,187	20,760	18,225
Senior Programs				
Senior activity sessions	4,214	3,994	3,981	3,888
Senior activity participants	87,787	84,614	74,266	72,007
Senior meals served on-site and delivered	13,429	11,378	11,340	10,839
Senior transportation trips	12,611	12,571	13,559	12,863
Senior AGE program - Service Hours	24,000	24,000	24,000	24,000
Senior ROSES program in-home support jobs	2,090	2,073	2,074	2,066
Public Works / Engineering				
Miles of street resurfaced	2.33	0.77	0.95	5.61
Square feet of sidewalk - removed & replaced	299,618	365,765	287,645	500,991
Square feet of sidewalk - new	19,363	23,533	18,952	14,256
Curbside refuse collected (tons)	22,145	20,717	29,341	23,565
Curbside compost collected (tons)	7,730	11,143	11,115	10,551
Curbside recyclables collected (tons)	4,690	3,655	3,906	4,035
Leaf collection (tons)	3,330	3,550	3,260	*
Feet of watermain - replaced	10,160	10,127	11,838	9,709
Feet of watermain - new	840	-	2,781	1,174
Feet of sewer - replaced	-	60	635	-
Feet of sewer - new	801	3,265	2	-
Utilities - Water and Sewer				
Number of customers billed	23,929	23,264	23,159	23,646
Water units purchased (100 cubic feet)	262,629,400	250,522,400	247,902,200	253,900,000
Water units billed (100 cubic feet)	246,613,100	233,014,700	215,800,400	228,319,400
Wastewater units disposed (100 cubic feet)	262,378,200	232,943,600	215,790,000	228,296,800

Source: City Departments

Note: \* Information not available

Schedule 17  
UNAUDITED

2017	2018	2019	2020	2021	2022
3,785	3,816	3,412	2,782	1,321	3,001
24,317	24,262	23,885	22,002	23,787	24,644
403,009	399,759	339,197	309,806	285,862	280,135
369,996	193,697	163,413	127,211	31,936	107,144
38,387	36,139	22,861	21,768	3,436	11,735
513	507	494	444	323	367
15,503	16,794	17,275	14,116	7,240	8,607
8,300	8,296	11,000	2,700	7,536	8,000
16,300	16,290	16,300	8,000	15,880	16,280
18,700	15,327	15,327	21,950	19,525	23,300
3,742	3,859	3,655	2,348	237	869
73,472	73,362	73,060	21,707	2,233	7,802
10,563	10,498	8,704	5,607	150	111
13,095	11,302	11,105	8,876	10,500	6,506
24,000	24,000	24,000	19,000	2,343	4,286
2,081	2,457	1,954	1,157	115	481
6.50	5.10	7.00	3.82	6.48	4.40
330,551	161,514	86,126	58,553	85,984	91,699
55,994	73,732	25,447	4,505	2,388	2,953
24,444	22,334	21,950	22,282	23,351	23,203
7,089	9,991	12,352	4,721	5,218	4,407
4,229	5,410	5,573	5,673	5,699	5,382
2,397	5,547	7,881	9,076	7,018	5,294
13,532	-	1,497	15,309	7,294	14,280
4,883	2,933	20	(1,053)	2,255	4,589
785	-	-	1,887	383	-
5,703	3,055	-	1,212	83	254
24,335	24,435	24,670	24,807	24,884	24,912
247,413,200	245,776,500	238,277,000	235,779,826	229,118,148	250,023,794
242,515,739	237,825,100	226,450,300	214,001,600	201,576,400	211,131,000
239,653,661	237,423,300	226,365,600	213,847,100	201,605,427	211,158,500

concluded.

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 18  
 UNAUDITED

**Operating Information**

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

Function/Program	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>44th District Court/Probation</b>	20	22	22	29	29	29	30	30	30	30
<b>Administrative Services</b>										
Manager	3	3	6	5	5	6	6	6	6	7
Attorney	3	4	4	4	4	4	4	4	4	4
City Clerk	4	5	5	5	5	5	5	5	6	6
Human Resources	2	2	3	3	3	4	4	4	4	4
State Construction Code	5	6	11	11	11	14	13	13	13	13
Ordinance Enforcement	2	5	5	5	5	5	5	5	5	5
Engineering	7	7	8	13	13	13	13	13	13	13
Community Development	3	3	3	4	4	4	4	4	4	4
Planning - Block Grant	1	1	-	-	-	-	-	-	-	-
Planning - Housing	1	1	1	1	1	1	1	1	1	1
Finance	5	5	6	7	7	7	7	7	8	8
Assessing	3	3	4	4	4	4	4	4	5	4
Treasurer / Water Billing	5	4	4	5	5	5	6	6	6	6
Information Technology	4	4	4	4	5	5	7	6	6	6
Subtotal	47	52	64	70	71	76	79	78	81	81
<b>Library</b>	10	10	9	8	8	8	9	9	9	10
<b>Public Safety</b>										
Police	81	96	97	98	98	98	98	98	98	98
Fire	56	56	56	56	56	56	56	56	56	56
Subtotal	137	152	153	154	154	154	154	154	154	154
<b>Recreation &amp; Public Services</b>										
Public Service										
Parks & Forestry	7	7	7	7	7	7	7	7	8	10
Building Maintenance	2	2	2	2	2	2	2	2	2	3
Highway	-	-	-	2	2	3	3	3	3	3
Motor Pool	9	9	9	9	9	9	9	9	9	9
Electrical	-	-	-	1	1	1	1	1	1	1
Solid Waste	14	14	14	14	14	15	15	15	15	15
Water Maintenance	7	7	7	8	8	8	8	8	8	8
Water Services	4	4	4	4	4	4	4	4	4	4
Sewer Maintenance	7	7	7	7	7	9	9	9	9	10
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	2	2	2	2	2	2	2	2	2	2
Ice Arena	-	-	-	-	-	-	-	-	-	-
Senior Services	1	1	1	1	1	1	1	1	2	2
Subtotal	56	56	56	59	59	63	63	63	65	70
Total	270	292	304	320	321	330	335	334	339	345

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

Source: City Finance Department