

City of
Royal Oak,
Michigan



Year Ended
June 30, 2021

Annual
Comprehensive
Financial Report

City Commission

Mayor

Michael Fournier

Mayor Pro Tem

Patricia Paruch

Commissioners

Sharlan Douglas

Kyle DuBuc

Monica Hunt

Brandon Kolo

Melanie Macey

Administration

City Manager

Paul J. Brake

Director of Finance

Julie Rudd

Assistant Finance Director/Controller

Anthony DeCamp

Prepared by the Finance Department



CITY OF ROYAL OAK, MICHIGAN

Table of Contents

Page

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	8
Organization Chart	9
List of Principal Officials	10

FINANCIAL SECTION

Independent Auditors' Report	13
-------------------------------------	----

Management's Discussion and Analysis	17
---	----

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	42
Public Safety Fund	43
Local Streets Fund	44
State Construction Code Fund	45
Grants Fund	46
Statement of Net Position – Proprietary Funds	47
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	49
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	50
Reconciliation of Changes in Net Position of Enterprise Funds to Change in Net Position of Business-type Activities	51
Statement of Cash Flows – Proprietary Funds	52
Statement of Fiduciary Net Position - Fiduciary Funds	54
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	55
Combining Statement of Net Position – Discretely Presented Component Units	56
Combining Statement of Activities – Discretely Presented Component Units	57
Notes to Financial Statements	59

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information	
Employees' Retirement System	104
Other Postemployment Benefits Plan	109
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	118
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Major Streets Fund	121
Solid Waste Fund	122
Community Development Block Grant Fund	123
Publicity Fund	124
Senior Citizens Program Fund	125
Library Millage Fund	126
Donations Fund	127
Indigent Defense	128
Nonmajor Enterprise Funds:	
Combining Statement of Net Position - Nonmajor Enterprise Funds	130
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	131
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	132
Internal Service Funds:	
Combining Statement of Net Position – Internal Service Funds	134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	135
Combining Statement of Cash Flows – Internal Service Funds	136
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Custodial Funds	138
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	139
Component Units:	
Balance Sheets - Component Units	140
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities - Component Units	141
Statements of Revenues, Expenditures and Changes in Fund Balances - Component Units	142
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities - Component Units	143
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Tax Increment Financing Authority	144
Downtown Development Authority	145
Brownfield Redevelopment Authority	146

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

Page

STATISTICAL SECTION (UNAUDITED)

Description of Statistical Section	149
Financial Trends:	
Net Position by Component	150
Changes in Net Position	152
Fund Balances - Governmental Funds	156
Changes in Fund Balances - Governmental Funds	158
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property	160
Property Tax Rates - Direct and Overlapping	162
Principal Property Taxpayers	164
Property Tax Levies and Collections	165
Debt Capacity:	
Ratios of Outstanding Debt	166
Ratios of General Bonded Debt Outstanding	168
Direct and Overlapping Governmental Activities Debt	171
Computation of Legal Debt Margin	172
Pledged Revenue Coverage	175
Demographic and Economic Information:	
Demographic Statistics	176
Principal Employers	178
Operating Information:	
Capital Asset Statistics by Function/Program	179
Operating Indicators by Function/Program	180
Authorized Full-time Employees by Function/Program	184





INTRODUCTORY SECTION



December 6, 2021

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, 2021. 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, 2021 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, however in fiscal year 2020/21 the festival was scaled down due to the COVID-19 pandemic.

The city's recreational services include over 50 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 increased by thirty-eight percent, nearly returning back to fiscal year 2018-19 (pre COVID-19) level.

The city's assessed taxable value percentage increased slightly in the commercial property category. For fiscal year 2020-21, residential property value is 77.05 percent of the city's assessed taxable value, 17.1 percent commercial property, 1.4 percent industrial property and 4.45 percent personal property. The industrial, commercial and residential values have vacant values included in the percentages.

As the economy continues to recover from the COVID-19 pandemic, Royal Oak continues to be one of Southeast Michigan's desired cities for new commercial investment. Concrete has been finished on the seventh floor and roof of Baker College's \$27.6 million, 80,000 square foot facility in downtown Royal Oak. Three Baker campuses in Michigan will be closed and consolidated into the new Royal Oak campus, which will serve about 1,500 students and 50 staff when it opens in Fall 2022. Baker College will join Henry Ford Health Systems' new \$70 million, 145,000 square foot outpatient medical center in the downtown. The Henry Ford facility focuses on women's health, pediatrics, sports medicine, rehabilitation, radiology, primary care, and outpatient surgery. At full activation, Henry Ford expects over 5,000 appointments per week in Royal Oak.

To stabilize the existing business community, Royal Oak partnered throughout 2020 and 2021 with Oakland County to secure personal protective equipment toolkits, small business grants and winter weatherization grants for restaurants, retailers, and other businesses that were negatively impacted by the state's shutdown orders. The value of these grants totaled nearly \$1 million dollars. Additionally, the city's Downtown Development Authority awarded \$1.3 million to 92 restaurants, retailers, salons, cafes, and entertainment venues in downtown Royal Oak through the Rebound Royal Oak Small Business Assistance program. This assistance is one of the reasons Royal Oak's office and retail vacancy rates remain below the metropolitan Detroit average (compare Royal Oak's November 2021 8.3 percent office vacancy rate and 5.1 percent retail vacancy rate to metro Detroit's 11.8 percent and 5.3 percent vacancy rates respectively).

Despite the pandemic, Royal Oak celebrated several openings in 2021. These include the \$65 million luxury apartment and retail development The Griffin; retailers The Campus Shoppe, Yardbird, Le Don, and Prism Park Optical; restaurants The Side Bar, Alchemi, Nosh Pit, Pearl's Deep Dive, Pastaio, and Imagine; and the headquarters of Citizens State Bank.

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 \$81,665, 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 2021 was 2.1 percent, which compares favorably to the State's unemployment rate of 5.9 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 purpose, the FY20-21 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 20-21 general fund fund balance increased by \$1.29 million as opposed to \$2.88 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 \$13.625 million or 41 percent of expenditures and transfers out; an increase from 33 percent the prior year. Transfers out of the general fund consisted of \$17.5 million to the public safety fund to cover annual operating costs; \$2.2 million for the third year of Royal Oak Civic Center debt payments; \$465,220 for court building debt payments, \$303,700,000 to subsidize senior center operating costs; \$69,925 for new park related equipment, \$25,000 to the ice arena fund to subsidize operations, \$22,670 for the city's share of the indigent defense fund, \$22,000 for the commission for the arts and Memorial Day parade, \$10,000 to subsidize the animal shelter operations.

Long-term Financial Planning

Not only did the city prepare a four year projection during the budget preparation process, for the eleventh 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 nearly \$153 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 resolved to focus on the following infrastructure tasks: work with the Oakland County Water Resources Commission to reduce stormwater sewer flows from neighboring communities to the city, produce a green infrastructure checklist including a complete sustainability plan; private lead water service line replacement; and develop a strategy for major road improvements. In addition, objectives include focusing on succession planning and development of the city's human resources, improve coordination among departments and increase peoples engagement with city officials and actively engage with neighborhood associations. City leaders are focusing on developing a human rights ordinance and new master plan. Plans also include the facilitation of housing developments that meet identified needs and private sector developments. All of the latest plans are described in detail in the FY21-22 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 city budget is adopted by the city commission on a functional basis. The finance director position is authorized by budget resolution to transfer up to 25 percent of major street fund monies to the local street fund during the fiscal year and to make transfers within appropriation centers. All other transfers between funds may be made only by further action by the city commission. The city commission may make additional appropriations during the fiscal year for unanticipated expenditures required of the city. The city commission may also re-appropriate funds among appropriation centers. By way of an annual budget resolution, the city commission authorization the finance director position to administratively adjust line-item budgets within a fund and appropriation centers.

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 received approximately \$5,252,000 in federal grant revenue, mostly related to CARES Act and the Community Development Block Grant which is a significant increase from prior years.

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, 2020. 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, 2021. 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/controller, and the balance of the finance department staff.

Respectfully submitted,

A handwritten signature in cursive script that reads "Julie Rudd".

Julie Rudd
Director of Finance

Approved,

A handwritten signature in cursive script that reads "Paul J. Brake".

Paul J. Brake
City Manager



Government Finance Officers Association

Certificate of
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in Financial
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Presented to

**City of Royal Oak
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

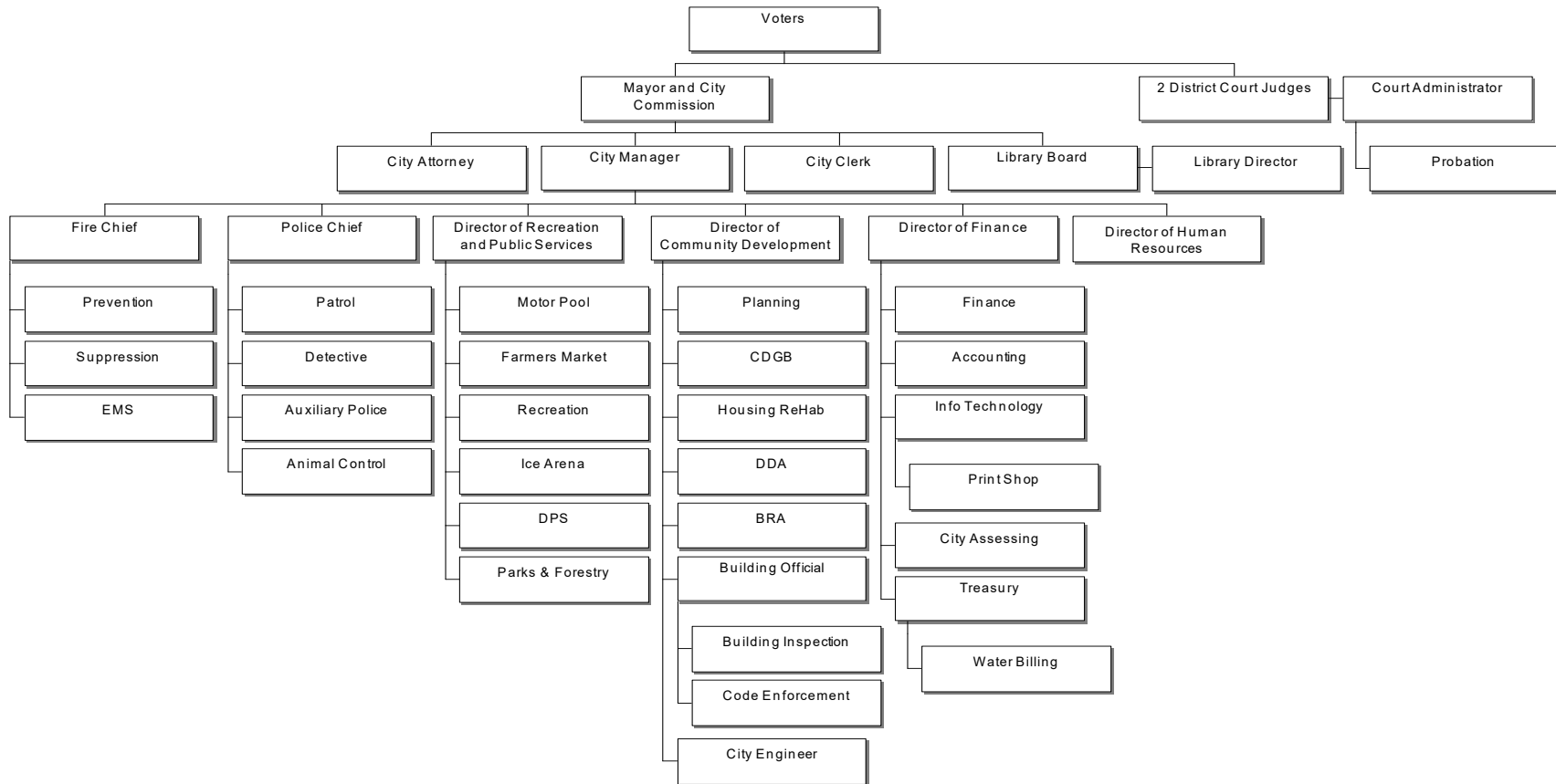
Christopher P. Morill

Executive Director/CEO

CITY OF ROYAL OAK, MICHIGAN

Organization Chart

As of June 30, 2021



CITY OF ROYAL OAK, MICHIGAN

Principal Officials

As of June 30, 2021

City Manager	Paul J. Brake
Finance Director	Julie Jenuwine Rudd
Assistant Finance Director	Anthony DeCamp
Assistant City Manager / Chief of Police	Corrigan O'Donohue
Building Official	Jason Craig
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
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 6, 2021

Honorable Mayor and City Commission
Royal Oak, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Royal Oak, Michigan** (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Rehmann is an independent member of Nexia International.



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📞 517.787.6503

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Royal Oak, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 84

As described in Note 18, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. Accordingly, beginning net position of the general custodial fund was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 6, 2021, on our consideration of the City of Royal Oak, Michigan'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

As management of the City of Royal Oak, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ended June 30, 2021. 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	\$ 197,281,105
· Change in total net position	17,703,761
· Fund balances, governmental funds	55,633,818
· Change in fund balances, governmental funds	(10,460,710)
· Unassigned fund balance, general fund	14,969,214
· Change in fund balance, general fund	1,290,439
· Installment debt outstanding	186,824,769
· Change in installment debt	(13,822,918)

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 five other major funds: public safety, local streets, state construction code, grants and city capital projects. 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 \$197,281,105, an increase of \$17,703,761, or 9.86 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 (19%) represents resources that are subject to external restrictions on how they may be used. The city's unrestricted net position deficit of \$152,249,052, an increase of \$1,173,193 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 115,803,710	\$ 106,593,343	\$ 20,917,861	\$ 23,589,862	\$ 136,721,571	\$ 130,183,205
Capital assets, net	241,049,337	219,982,797	150,162,374	150,705,162	391,211,711	370,687,959
Total assets	356,853,047	326,576,140	171,080,235	174,295,024	527,933,282	500,871,164
Deferred outflows of resources	3,901,311	23,458,726	867,717	2,087,285	4,769,028	25,546,011
Long-term debt outstanding	140,598,032	148,400,669	54,857,088	61,377,997	195,455,120	209,778,666
Other liabilities	99,743,482	129,910,690	4,644,288	6,862,896	104,387,770	136,773,586
Total liabilities	240,341,514	278,311,359	59,501,376	68,240,893	299,842,890	346,552,252
Deferred inflows of resources	33,738,569	258,223	1,839,746	29,356	35,578,315	287,579
Net position:						
Net investment in capital assets	201,877,607	183,352,675	109,245,957	104,316,911	311,123,564	287,669,586
Restricted	38,406,593	45,330,003	-	-	38,406,593	45,330,003
Unrestricted (deficit)	(153,609,925)	(157,217,394)	1,360,873	3,795,149	(152,249,052)	(153,422,245)
Total net position	\$ 86,674,275	\$ 71,465,284	\$ 110,606,830	\$ 108,112,060	\$ 197,281,105	\$ 179,577,344

The city's net position increased by \$17,703,761 during the current fiscal year as compared to a \$3,151,402 decrease in the previous year. The current year increase is mostly attributed to the increase of program revenues (operating and capital grants) in both governmental and business-type activities as well as lower governmental activities expenses (public safety, general government, community/economic development and recreation and culture).

Governmental Activities

Governmental activities increased the city's net position by \$15,208,991 as compared to a \$4,289,243 decrease in the previous year, a difference of \$19,498,234 between the two years. This increase in net position is primarily due to increased grants (including state shared revenue) and property tax revenue as well as lower public safety, general government and recreation and culture expenses.

Business-type Activities

Business-type activities increased the city's net position by \$2,494,770 as compared to a \$1,137,841 increase in the previous year, a difference of \$1,356,929. The increase in net position in comparison to last year is largely due to an increase in grants and decrease in parking system expenses.

CITY OF ROYAL OAK, MICHIGAN

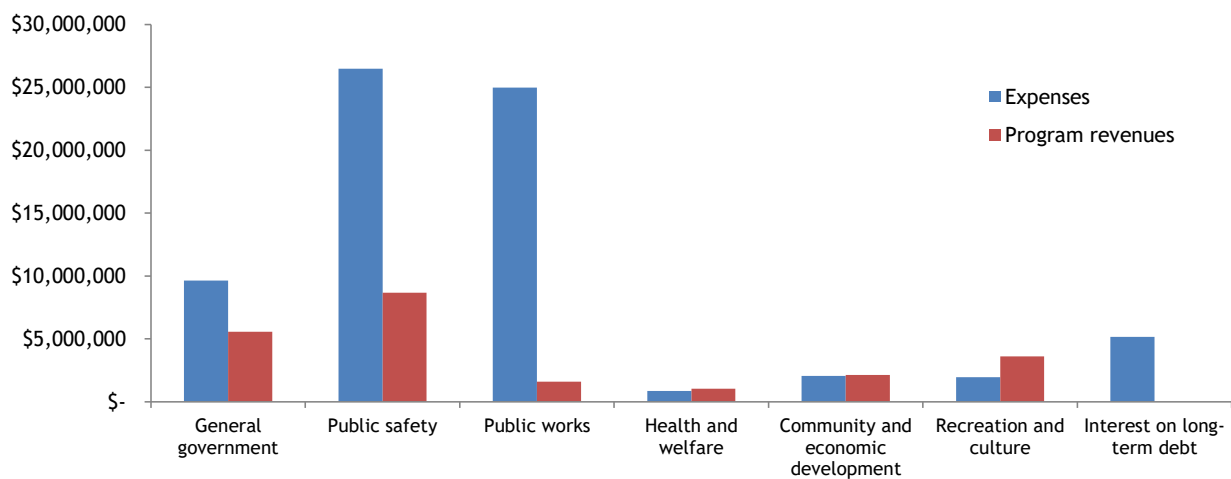
Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 12,708,624	\$ 14,232,681	\$ 32,725,623	\$ 32,631,356	\$ 45,434,247	\$ 46,864,037
Operating grants	8,264,003	5,739,450	1,507,746	790,924	9,771,749	6,530,374
Capital grants	1,655,703	306,117	75,953	-	1,731,656	306,117
General revenues:						
Property taxes	48,844,891	46,697,585	2,809,547	2,889,836	51,654,438	49,587,421
State shared revenues	14,693,549	13,379,442	-	73,081	14,693,549	13,452,523
Other	281,163	1,243,639	-	-	281,163	1,243,639
Total revenues	86,447,933	81,598,914	37,118,869	36,385,197	123,566,802	117,984,111
Expenses:						
General government	9,635,182	11,382,087	-	-	9,635,182	11,382,087
Public safety	26,476,884	45,580,867	-	-	26,476,884	45,580,867
Public works	24,982,054	15,575,908	-	-	24,982,054	15,575,908
Health and welfare	865,423	962,860	-	-	865,423	962,860
Community and economic development	2,045,845	2,507,284	-	-	2,045,845	2,507,284
Recreation and culture	1,956,003	4,780,355	-	-	1,956,003	4,780,355
Interest on long-term debt	5,169,439	5,340,663	-	-	5,169,439	5,340,663
Water and sewer	-	-	26,979,449	27,084,061	26,979,449	27,084,061
Parking	-	-	5,077,742	5,298,493	5,077,742	5,298,493
Recreation	-	-	2,182,520	2,066,368	2,182,520	2,066,368
Farmers market	-	-	492,500	556,567	492,500	556,567
Total expenses	71,130,830	86,130,024	34,732,211	35,005,489	105,863,041	121,135,513
Change in net position, before transfers	15,317,103	(4,531,110)	2,386,658	1,379,708	17,703,761	(3,151,402)
Transfers	(108,112)	241,867	108,112	(241,867)	-	-
Change in net position	15,208,991	(4,289,243)	2,494,770	1,137,841	17,703,761	(3,151,402)
Net position:						
Beginning of year	71,465,284	75,754,527	108,112,060	106,974,219	179,577,344	182,728,746
End of year	\$ 86,674,275	\$ 71,465,284	\$ 110,606,830	\$ 108,112,060	\$ 197,281,105	\$ 179,577,344

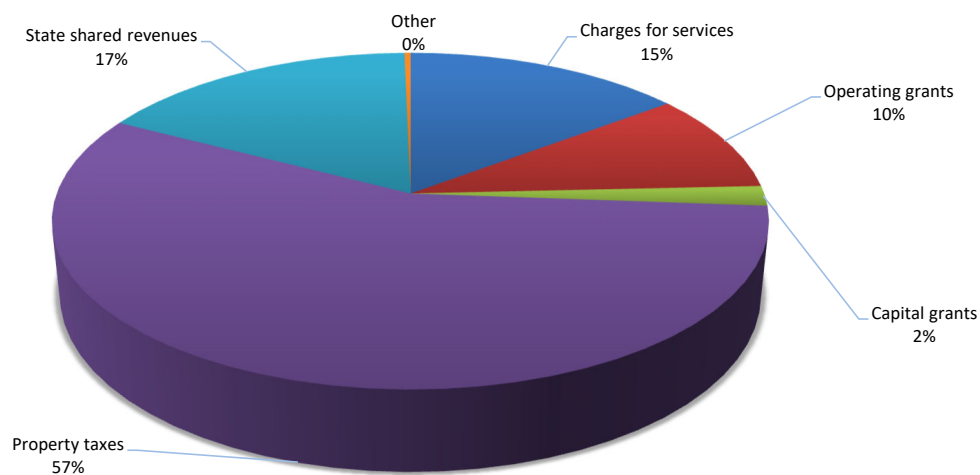
CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Expenses and Program Revenues - Governmental Activities



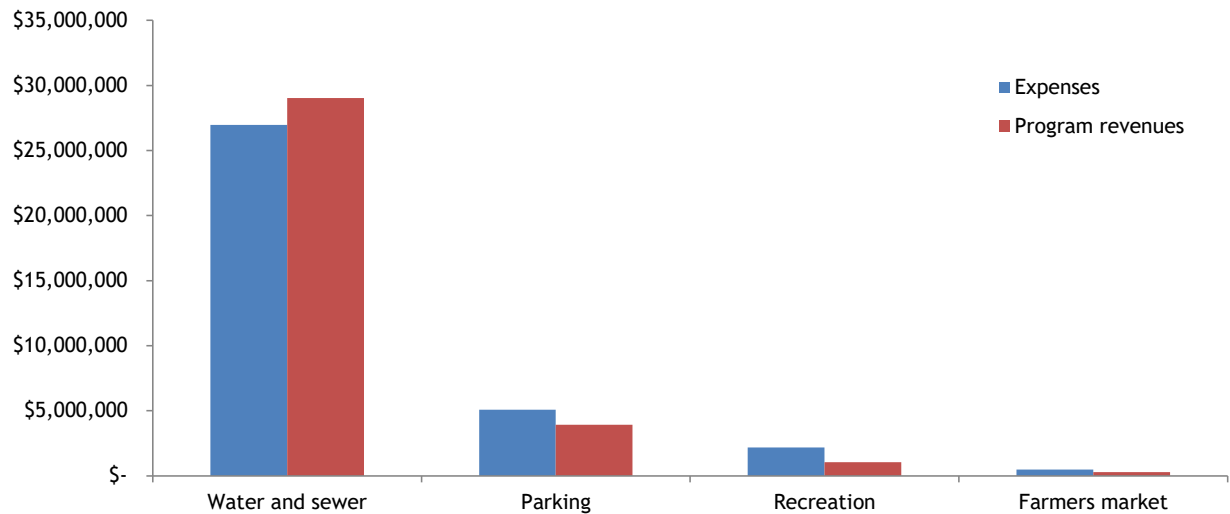
Revenues by Source - Governmental Activities



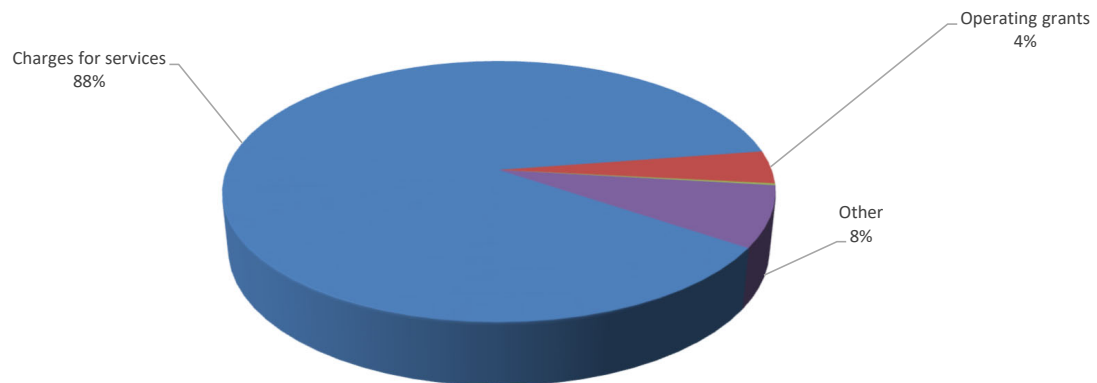
CITY OF ROYAL OAK, MICHIGAN

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 \$55,633,818. Of this, \$37,608,137 is legally restricted and/or unavailable to spend (i.e. amounts tied up in inventories), \$3,056,467 is assigned for designated purposes, leaving \$14,969,214 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. Revenues/transfers in to the general fund were \$32,092 / 0.08% below the original budget. Although the total revenue came in extremely close to budget, there were numerous revenue variances that netted against each other. State shared revenues, property taxes, right-of-way permits and federal grants revenues were higher than budgeted. Specifically, state shared revenue was the largest variance amounting to \$1,351,283. 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. Court fines/parking violations, interest, and transfer from TIFA fund revenues were lower than budgeted. Specifically, court fines/parking violation revenue was the largest variance amounting to \$1,797,974 under budget. Expenditures/transfers out were \$4,201,290 below the original budget mostly due to transfer out to public safety fund was \$3,010,000 lower than budget and personnel vacancies in general government functions. The general fund was able to lower the transfer out to public safety fund, as CARES Act monies was used to support police and fire operations.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,969,214 while total fund balance was \$16,527,331. 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 41 percent of total general fund expenditures and transfers out, while total fund balance represents 45 percent of general fund expenditures and transfers out.

The fund balance of the city's general fund increased by \$1,290,439 during the current fiscal year. However, the original budget included \$2,878,758 use of fund balance. The variance was mostly due to a \$3,010,000 reduction in the transfer out to the public safety fund, as the CARES grant revenue allowed the transfer to decrease.

Public Safety Fund

The public safety fund has a total fund balance of \$2,503,266, an increase of \$891,757. Federal grant revenues were \$3,754,485 over the original budget due to the CARES Act grant that was not anticipated, allowing transfers in from the general fund to decrease \$3,010,000. Licenses and permit revenues were \$40,149 over budget due to fire inspections increasing significantly. Total expenditures were under budget by \$724,461, mostly due to lower overtime cost for the police department and lower personnel costs due to vacancies in the fire department.

Local Streets Fund

The local streets fund has a total fund balance of \$5,158,062, a decrease of \$1,290,959. Revenues were higher than originally budgeted by \$686,040 mostly due to an increase in contributions by Oakland County and higher transfers in from the capital project fund and special assessment fund. Expenditures were \$38,587 less than the original budget mostly due to lower capital costs netted against higher street maintenance and parkway maintenance.

State Construction Code Fund

The state construction code fund ended the year with a fund balance of \$12,747,201, an increase of \$1,277,408. Revenues exceeded the original budget by \$1,010,572 as all permits (building, electric, heating, plumbing, sign and sewer) were higher than budget. Expenditures were lower than original budget by \$266,827 due to vacant inspector positions, which have been difficult to fill.

Grants Fund

The grants fund fund balance decreased slightly by \$11,259 to \$479,449. The significant highlight in this fund is the receipt of half of the \$28 million ARPA grant, however this is unearned revenue as of year-end, therefore it does not affect fund balance.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

City Capital Projects Fund

Fund balance in the city capital project funds decreased by \$12,517,551, to \$5,654,303. The significant use of fund balance was mostly for the completion of the new police station and city hall buildings which were placed into service in the first quarter of the fiscal year. Significant monies were expended for the development of Normandy Oaks Park (formerly a city golf course) near the north end of the city and the development of Centennial Commons Park, which is on the site of the former city hall building and city police station. The city received an Oakland County grant in the amount of \$1,010,650 and a \$175,524 National Fish and Wildlife grant to assist with the development of Normandy Oaks Park.

Water and Sewer Fund

Unrestricted net position of the water and sewer system at the end of the year amounted to a deficit of \$3,651,843, an improvement from the prior year, and the total increase in net position was \$4,724,913. The increase in net position was mostly due to higher charges for service revenue and lower salaries and benefits. Nearly \$4.1 million in watermain infrastructure improvements were performed.

Auto Parking Fund

Unrestricted net position for the auto parking system fund amounted to \$882,511. The total decrease in net position for this fund was \$1,199,074, which can be attributed to both a reduction in charges for services revenue in the parking system due to the COVID pandemic and a loss on the disposal of capital assets from removing the parking lot areas, which now house the city hall and police department, from this funds 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 \$391,211,711 (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 5.5 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 66,774,752	\$ 66,774,752	\$ 8,902,503	\$ 8,902,503	\$ 75,677,255	\$ 75,677,255
Construction in progress	36,052,770	58,585,245	8,924,824	8,127,105	44,977,594	66,712,350
Buildings	45,948,842	13,516,055	44,300,751	44,950,267	90,249,593	58,466,322
Improvements other than buildings	3,811,941	3,273,591	24,422	950,394	3,836,363	4,223,985
Machinery and equipment	7,823,752	6,861,091	400,216	443,139	8,223,968	7,304,230
Infrastructure	80,623,885	70,948,050	87,609,658	87,331,754	168,233,543	158,279,804
Intangibles	13,395	24,013	-	-	13,395	24,013
Total	\$ 241,049,337	\$ 219,982,797	\$ 150,162,374	\$ 150,705,162	\$ 391,211,711	\$ 370,687,959

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 \$195,455,120. Of this amount, \$154,152,002 is limited general obligation debt issued by the city, which has pledged its full faith and credit for the repayment; dedicated revenue sources have been established for the repayment of this debt. A tax levy authorized by the residents of Royal Oak funds \$620,000 of unlimited general obligation debt for the fire service. \$25,250,000 of debt is the balance of revenue bonds for two parking structures. Another \$6,800,000 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	
	2021	2020	2021	2020	2021	2020
Limited general obligation bonds	\$ 132,135,008	\$ 138,888,448	\$ 22,016,994	\$ 23,817,553	\$ 154,152,002	\$ 162,706,001
Unlimited general obligation bonds	620,000	1,225,000	-	-	620,000	1,225,000
Revenue bonds	-	-	25,250,000	26,880,000	25,250,000	26,880,000
State revolving fund	-	-	-	822,387	-	822,387
Contractual obligations	-	-	6,802,767	9,014,299	6,802,767	9,014,299
Compensated absences	3,997,690	3,686,954	248,921	227,676	4,246,611	3,914,630
General liability claims	1,041,980	1,219,450	-	-	1,041,980	1,219,450
Workers compensation claims	161,604	574,598	-	-	161,604	574,598
Unamortized premium	2,641,750	2,806,219	538,406	616,082	3,180,156	3,422,301
Total	<u>\$ 140,598,032</u>	<u>\$ 148,400,669</u>	<u>\$ 54,857,088</u>	<u>\$ 61,377,997</u>	<u>\$ 195,455,120</u>	<u>\$ 209,778,666</u>

The city's total debt decreased by \$14,323,546 (6.8 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 general liability claims, 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 general obligation debt amounts to \$173,787,755 4.4 of the 10 percent legal debt limit. Section 517 of Act 34 limits capital improvement bonds to 5 percent of total assessed valuation. The city's capital improvement bonds issued amounts to \$100,038,356 or 2.6 of 5 percent the legal debt limit.

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 2021-22 budget, it was assumed that the impact of the COVID 19 pandemic would be improving and revenues would begin to ramp up beginning in the first quarter. 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 half of 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 increased by approximately \$1.3 million to \$14.97 million. Although the year ended with a fund balance for the general fund of approximately 41 percent of expenditures and transfers out, the general fund will be closer to its target fund balance range in fiscal year 2021-22. The city's original budget for fiscal year 2021-2022 plans \$8.1 million use of fund balance prior to any allocation of ARPA funds. The city's total millage rate declined by 0.3817 mill to 17.4679 mills.

For the 2021-2022 fiscal year, the quarterly water and sewer rates are \$112.90 per 1,000 cubic feet for the first 2,000 cubic feet and \$129.83 for every 1,000 cubic feet thereafter. In addition, all customers pay a \$14 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 0.8220 mills, down from 1.0015 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 102,352,854	\$ 5,996,117	\$ 108,348,971	\$ 4,302,402
Receivables, net	8,687,546	8,801,689	17,489,235	34,834
Deposits and other assets	1,225,380	-	1,225,380	50,000
Internal balances	(4,887,476)	4,887,476	-	-
Inventories	325,986	349,320	675,306	-
Restricted assets, cash	1,015	-	1,015	-
Capital assets not being depreciated	102,827,522	17,827,327	120,654,849	842,975
Capital assets being depreciated, net	138,221,815	132,335,047	270,556,862	500,626
Net other postemployment benefit asset	8,098,405	883,259	8,981,664	54,895
Total assets	356,853,047	171,080,235	527,933,282	5,785,732
Deferred outflows of resources				
Deferred charge on refunding	69,468	707,287	776,755	-
Deferred pension amounts	2,821,196	50,203	2,871,399	2,999
Deferred other postemployment benefit amounts	1,010,647	110,227	1,120,874	6,850
Total deferred outflows of resources	3,901,311	867,717	4,769,028	9,849
Liabilities				
Accounts payable	4,209,360	2,516,088	6,725,448	110,290
Accrued and other liabilities	5,584,354	886,712	6,471,066	26,200
Cash bonds and deposits	5,091,664	13,991	5,105,655	-
Unearned revenue	16,772,956	15,950	16,788,906	-
Long-term debt:				
Due within one year	10,317,082	6,011,653	16,328,735	5,000
Due in more than one year	130,280,950	48,845,435	179,126,385	5,503
Net pension liability (due in more than one year)	68,085,148	1,211,547	69,296,695	72,372
Total liabilities	240,341,514	59,501,376	299,842,890	219,365
Deferred inflows of resources				
Deferred pension amounts	20,159,469	358,730	20,518,199	21,429
Deferred other postemployment benefit amounts	13,579,100	1,481,016	15,060,116	92,045
Total deferred inflows of resources	33,738,569	1,839,746	35,578,315	113,474
Net position				
Net investment in capital assets	201,877,607	109,245,957	311,123,564	1,343,601
Restricted for:				
Public, Educational, and Government				
Access ("PEG") fees	992,918	-	992,918	-
Highways and streets	10,768,526	-	10,768,526	-
Solid waste	5,132,402	-	5,132,402	-
Recreation and culture	1,419,956	-	1,419,956	-
Public safety	12,747,201	-	12,747,201	-
Grants	479,449	-	479,449	-
Indigent defense	345,100	-	345,100	-
Capital projects	6,508,951	-	6,508,951	-
Permanent fund:				
Expendable	11,075	-	11,075	-
Non-expendable	1,015	-	1,015	-
Unrestricted (deficit)	(153,609,925)	1,360,873	(152,249,052)	4,119,141
Total net position	\$ 86,674,275	\$ 110,606,830	\$ 197,281,105	\$ 5,462,742

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, 2021

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	\$ 9,635,182	\$ 5,269,272	\$ 292,352	\$ -	\$ (4,073,558)
Public safety	26,476,884	3,519,016	5,112,092	41,485	(17,804,291)
Public works	24,982,054	813,470	172,703	603,568	(23,392,313)
Health and welfare	865,423	1,045,438	-	-	180,015
Community and economic development	2,045,845	540,833	1,604,247	-	99,235
Recreation and culture	1,956,003	1,520,595	1,082,609	1,010,650	1,657,851
Interest on long-term debt	5,169,439	-	-	-	(5,169,439)
Total governmental activities	71,130,830	12,708,624	8,264,003	1,655,703	(48,502,500)
Business-type activities:					
Water and sewer	26,979,449	28,948,071	14,004	75,953	2,058,579
Parking	5,077,742	2,428,675	1,491,568	-	(1,157,499)
Recreation	2,182,520	1,059,257	1,217	-	(1,122,046)
Farmers market	492,500	289,620	957	-	(201,923)
Total business-type activities	34,732,211	32,725,623	1,507,746	75,953	(422,889)
Total primary government	\$ 105,863,041	\$ 45,434,247	\$ 9,771,749	\$ 1,731,656	\$ (48,925,389)
Component units					
Tax Increment Financing Authority	\$ 8,301,782	\$ -	\$ 35,480	\$ -	\$ (8,266,302)
Downtown Development Authority	60,151	-	-	-	(60,151)
Brownfield Redevelopment Authority	553,576	-	-	-	(553,576)
Total component units	\$ 8,915,509	\$ -	\$ 35,480	\$ -	\$ (8,880,029)

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (48,502,500)	\$ (422,889)	\$ (48,925,389)	\$ (8,880,029)
General revenues:				
Property taxes	48,844,891	2,809,547	51,654,438	5,697,777
Unrestricted state shared revenues	14,693,549	-	14,693,549	-
Unrestricted investment earnings	51,940	-	51,940	16,676
Gain on sale of capital assets	162,193	-	162,193	-
Miscellaneous	67,030	-	67,030	-
Transfers	(108,112)	108,112	-	-
Total general revenues and transfers	63,711,491	2,917,659	66,629,150	5,714,453
Change in net position	15,208,991	2,494,770	17,703,761	(3,165,576)
Net position, beginning of year	71,465,284	108,112,060	179,577,344	8,628,318
Net position, end of year	<u>\$ 86,674,275</u>	<u>\$ 110,606,830</u>	<u>\$ 197,281,105</u>	<u>\$ 5,462,742</u>

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2021

	General	Public Safety	Local Streets	State Construction Code	Grants
Assets					
Cash and investments	\$ 20,747,620	\$ 3,736,795	\$ 4,868,866	\$ 12,809,085	\$ 14,485,625
Receivables, net	224,356	290,930	1,077,939	-	78,289
Due from other governmental units	1,187,076	-	280,628	-	-
Due from other funds	164,307	-	-	-	-
Prepaid items	11,998	-	-	-	-
Inventories	-	-	27,716	-	-
Restricted assets, cash	-	-	-	-	-
Total assets	\$ 22,335,357	\$ 4,027,725	\$ 6,255,149	\$ 12,809,085	\$ 14,563,914
Liabilities					
Accounts payable	\$ 162,003	\$ 72,063	\$ 683,590	\$ 5,382	\$ 2,020
Accrued and other liabilities	532,797	1,419,381	405,312	56,502	6,700
Due to other funds	-	-	-	-	-
Cash bonds and deposits	5,089,014	-	-	-	2,650
Unearned revenue	-	-	-	-	14,073,095
Total liabilities	5,783,814	1,491,444	1,088,902	61,884	14,084,465
Deferred inflows of resources					
Unavailable revenue	24,212	33,015	8,185	-	-
Fund balances					
Nonspendable:					
Prepaid items	11,998	-	-	-	-
Inventories	-	-	27,716	-	-
Endowment	-	-	-	-	-
Restricted:					
PEG fees	992,918	-	-	-	-
Highways and streets	-	-	5,130,346	-	-
Solid waste	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Public safety	-	-	-	12,747,201	-
Grants	-	-	-	-	479,449
Indigent defense	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Permanent fund	-	-	-	-	-
Assigned:					
Eligible retiree bank payouts	553,201	317,413	-	-	-
Public safety	-	2,185,853	-	-	-
Unassigned	14,969,214	-	-	-	-
Total fund balances	16,527,331	2,503,266	5,158,062	12,747,201	479,449
Total liabilities, deferred inflows of resources and fund balances	\$ 22,335,357	\$ 4,027,725	\$ 6,255,149	\$ 12,809,085	\$ 14,563,914

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



City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,991,969	\$ 11,972,246	\$ 76,612,206
11,974	3,848,066	5,531,554
1,124,117	1,406,983	3,998,804
-	-	164,307
-	10,133	22,131
-	142,639	170,355
-	1,015	1,015
<u>\$ 9,128,060</u>	<u>\$ 17,381,082</u>	<u>\$ 86,500,372</u>
\$ 2,199,033	\$ 966,760	\$ 4,090,851
1,263,427	173,815	3,857,934
-	164,307	164,307
-	-	5,091,664
-	2,699,861	16,772,956
<u>3,462,460</u>	<u>4,004,743</u>	<u>29,977,712</u>
<u>11,297</u>	<u>812,133</u>	<u>888,842</u>
-	-	11,998
-	142,639	170,355
-	1,015	1,015
-	-	992,918
-	5,459,640	10,589,986
-	5,123,377	5,123,377
-	1,416,759	1,416,759
-	-	12,747,201
-	-	479,449
-	345,100	345,100
-	20,402	20,402
5,654,303	44,199	5,698,502
-	11,075	11,075
-	-	870,614
-	-	2,185,853
-	-	14,969,214
<u>5,654,303</u>	<u>12,564,206</u>	<u>55,633,818</u>
<u>\$ 9,128,060</u>	<u>\$ 17,381,082</u>	<u>\$ 86,500,372</u>



CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2021

Fund balances for governmental funds	\$ 55,633,818
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.

Capital assets not being depreciated	102,827,522
Capital assets being depreciated, net	138,221,815
Less capital assets accounted for in internal service funds	(7,666,386)

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	888,842
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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	24,032,596
Internal service fund net position accounted for in business-type activities	(4,887,476)

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	(1,272,962)
Bonds payable	(125,352,543)
Unamortized bond premiums	(2,629,136)
Deferred charge on refunding	37,715
Compensated absences	(3,847,389)

Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit assets/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	(67,735,207)
Deferred outflows related to the net pension liability	2,806,697
Deferred inflows related to the net pension liability	(20,055,854)
Net other postemployment benefit asset	7,840,654
Deferred outflows related to the net other postemployment benefit asset	978,481
Deferred inflows related to the net other postemployment benefit asset	(13,146,912)

Net position of governmental activities	\$ 86,674,275
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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, 2021

	General	Public Safety	Local Streets	State Construction Code	Grants
Revenues					
Taxes	\$ 21,268,784	\$ 10,534,984	\$ 6,625,259	\$ -	\$ -
Licenses and permits	1,836,685	51,149	-	2,695,443	55,541
Intergovernmental revenue	281,249	3,754,485	-	-	144,878
State grants	6,810,422	113,619	1,880,984	-	107,587
Charges for services	2,517,228	1,435,698	-	-	-
Fines and forfeitures	3,029,662	-	-	-	96,167
Interest and rentals	340,479	4,960	12,270	29,757	2,014
Contributions and donations	863,655	541,213	390,669	-	54,743
Other revenue	67,030	46,679	6,781	87,873	1,850
Total revenues	37,015,194	16,482,787	8,915,963	2,813,073	462,780
Expenditures					
Current:					
General government	9,476,038	-	-	-	-
Public safety	410,957	28,418,609	-	1,532,665	415,444
Public works	1,675,264	-	8,824,288	-	-
Health and welfare	-	914,455	-	-	-
Community and economic development	489,537	-	-	-	58,595
Recreation and culture	1,267,964	-	-	-	23,100
Debt service:					
Principal payments	1,262,700	1,930,739	1,356,050	-	-
Interest and paying agent fees	1,196,263	1,827,227	251,660	-	-
Total expenditures	15,778,723	33,091,030	10,431,998	1,532,665	497,139
Revenues over (under) expenditures	21,236,471	(16,608,243)	(1,516,035)	1,280,408	(34,359)
Other financing sources (uses)					
Transfers in	677,866	17,500,000	225,076	-	23,100
Transfers out	(20,623,898)	-	-	(3,000)	-
Total other financing sources (uses)	(19,946,032)	17,500,000	225,076	(3,000)	23,100
Net change in fund balances	1,290,439	891,757	(1,290,959)	1,277,408	(11,259)
Fund balances, beginning of year	15,236,892	1,611,509	6,449,021	11,469,793	490,708
Fund balances, end of year	\$ 16,527,331	\$ 2,503,266	\$ 5,158,062	\$ 12,747,201	\$ 479,449

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



City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 10,513,982	\$ 48,943,009
-	233,924	4,872,742
175,524	896,205	5,252,341
-	6,200,401	15,113,013
14,641	606,731	4,574,298
-	1,006	3,126,835
31,414	88,785	509,679
1,010,650	454,990	3,315,920
-	67,482	277,695
<u>1,232,229</u>	<u>19,063,506</u>	<u>85,985,532</u>
-	486,445	9,962,483
-	2,947	30,780,622
12,862,688	11,687,248	35,049,488
-	-	914,455
-	1,407,007	1,955,139
-	3,709,761	5,000,825
-	2,474,723	7,024,212
-	1,938,211	5,213,361
<u>12,862,688</u>	<u>21,706,342</u>	<u>95,900,585</u>
<u>(11,630,459)</u>	<u>(2,642,836)</u>	<u>(9,915,053)</u>
-	3,173,657	21,599,699
<u>(887,092)</u>	<u>(631,366)</u>	<u>(22,145,356)</u>
<u>(887,092)</u>	<u>2,542,291</u>	<u>(545,657)</u>
(12,517,551)	(100,545)	(10,460,710)
<u>18,171,854</u>	<u>12,664,751</u>	<u>66,094,528</u>
<u>\$ 5,654,303</u>	<u>\$ 12,564,206</u>	<u>\$ 55,633,818</u>



CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ (10,460,710)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	24,482,717
Depreciation expense	(3,272,887)
Loss on disposal of capital assets	(743,974)

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	(98,119)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	7,024,212
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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	43,922
Amortization of bond premium	162,893
Amortization of deferred charge on refunding	(12,133)
Change in the net pension liability and related deferred amounts	(3,648,202)
Change in other postemployment benefit asset/liability and related deferred amounts	(264,013)
Change in compensated absences	(304,977)

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	2,587,714
Internal service fund change in net position accounted for in business-type activities	(287,452)

Change in net position of governmental activities \$ 15,208,991

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 21,116,000	\$ 21,116,000	\$ 21,268,784	\$ 152,784
Licenses and permits	1,676,100	1,777,100	1,836,685	59,585
Intergovernmental revenue	-	311,620	281,249	(30,371)
State grants	5,292,450	6,676,450	6,810,422	133,972
Charges for services	2,686,220	2,485,220	2,517,228	32,008
Fines and forfeitures	4,516,000	3,077,000	3,029,662	(47,338)
Interest and rentals	773,450	836,450	340,479	(495,971)
Contributions and donations	1,028,000	821,950	863,655	41,705
Other revenue	41,000	41,000	67,030	26,030
Total revenues	37,129,220	37,142,790	37,015,194	(127,596)
Expenditures				
Current:				
General government	10,665,330	10,977,750	9,476,038	(1,501,712)
Public safety	478,511	478,511	410,957	(67,554)
Public works	1,502,406	1,753,406	1,675,264	(78,142)
Community and economic development	445,974	531,974	489,537	(42,437)
Recreation and culture	1,496,318	1,457,868	1,267,964	(189,904)
Debt service:				
Principal payments	1,263,500	1,263,500	1,262,700	(800)
Interest and paying agent fees	1,198,000	1,198,000	1,196,263	(1,737)
Total expenditures	17,050,038	17,661,008	15,778,723	(1,882,285)
Revenues over expenditures	20,079,182	19,481,782	21,236,471	1,754,689
Other financing sources (uses)				
Transfers in	600,000	602,110	677,866	75,756
Transfers out	(23,557,940)	(20,752,940)	(20,623,898)	(129,042)
Total other financing sources (uses)	(22,957,940)	(20,150,830)	(19,946,032)	204,798
Net change in fund balance	(2,878,758)	(669,048)	1,290,439	1,959,487
Fund balance, beginning of year	15,236,892	15,236,892	15,236,892	-
Fund balance, end of year	\$ 12,358,134	\$ 14,567,844	\$ 16,527,331	\$ 1,959,487

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 10,536,000	\$ 10,536,000	\$ 10,534,984	\$ (1,016)
Licenses and permits	11,000	11,000	51,149	40,149
Intergovernmental revenue	-	3,192,260	3,754,485	562,225
State grants	115,000	115,000	113,619	(1,381)
Charges for services	1,462,320	1,462,320	1,435,698	(26,622)
Interest and rentals	5,000	5,000	4,960	(40)
Contributions and donations	540,000	540,000	541,213	1,213
Other revenue	30,000	30,000	46,679	16,679
Total revenues	12,699,320	15,891,580	16,482,787	591,207
Expenditures				
Current:				
Public safety	29,105,727	29,402,727	28,418,609	(984,118)
Health and welfare	950,263	1,012,763	914,455	(98,308)
Debt service:				
Principal payments	1,931,500	1,931,500	1,930,739	(761)
Interest and paying agent fees	1,828,000	1,828,000	1,827,227	(773)
Total expenditures	33,815,490	34,174,990	33,091,030	(1,083,960)
Revenues under expenditures	(21,116,170)	(18,283,410)	(16,608,243)	1,675,167
Other financing sources				
Transfers in	20,510,000	17,500,000	17,500,000	-
Net change in fund balance	(606,170)	(783,410)	891,757	1,675,167
Fund balance, beginning of year	1,611,509	1,611,509	1,611,509	-
Fund balance, end of year	\$ 1,005,339	\$ 828,099	\$ 2,503,266	\$ 1,675,167

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

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 6,626,000	\$ 6,626,000	\$ 6,625,259	\$ (741)
State grants	1,799,000	1,799,000	1,880,984	81,984
Interest and rentals	30,000	7,100	12,270	5,170
Contributions and donations	-	183,590	390,669	207,079
Other revenue	-	-	6,781	6,781
Total revenues	<u>8,455,000</u>	<u>8,615,690</u>	<u>8,915,963</u>	<u>300,273</u>
Expenditures				
Current -				
Public works	8,862,084	9,389,684	8,824,288	(565,396)
Debt service:				
Principal payments	1,356,500	1,356,500	1,356,050	(450)
Interest and paying agent fees	252,000	252,000	251,660	(340)
Total expenditures	<u>10,470,584</u>	<u>10,998,184</u>	<u>10,431,998</u>	<u>(566,186)</u>
Revenues under expenditures	(2,015,584)	(2,382,494)	(1,516,035)	866,459
Other financing sources				
Transfers in	-	71,800	225,076	153,276
Net change in fund balance	<u>(2,015,584)</u>	<u>(2,310,694)</u>	<u>(1,290,959)</u>	<u>1,019,735</u>
Fund balance, beginning of year	<u>6,449,021</u>	<u>6,449,021</u>	<u>6,449,021</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,433,437</u>	<u>\$ 4,138,327</u>	<u>\$ 5,158,062</u>	<u>\$ 1,019,735</u>

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

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - State Construction Code Fund

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 1,682,500	\$ 2,349,500	\$ 2,695,443	\$ 345,943
Interest and rentals	100,000	9,000	29,757	20,757
Other revenue	20,000	60,000	87,873	27,873
Total revenues	1,802,500	2,418,500	2,813,073	394,573
Expenditures				
Current -				
Public safety	1,799,491	2,463,491	1,532,665	(930,826)
Revenues over (under) expenditures	3,009	(44,991)	1,280,408	1,325,399
Other financing uses				
Transfers out	(3,000)	(3,000)	(3,000)	-
Net change in fund balance	9	(47,991)	1,277,408	1,325,399
Fund balance, beginning of year	11,469,793	11,469,793	11,469,793	-
Fund balance, end of year	<u>\$ 11,469,802</u>	<u>\$ 11,421,802</u>	<u>\$ 12,747,201</u>	<u>\$ 1,325,399</u>

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

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 56,000	\$ 56,000	\$ 55,541	\$ (459)
Intergovernmental revenue	30,000	118,500	144,878	26,378
State grants	90,000	87,440	107,587	20,147
Charges for services	13,000	-	-	-
Fines and forfeitures	50,000	96,000	96,167	167
Interest and rentals	1,200	1,200	2,014	814
Contributions and donations	74,000	49,500	54,743	5,243
Other revenue	100	100	1,850	1,750
Total revenues	<u>314,300</u>	<u>408,740</u>	<u>462,780</u>	<u>54,040</u>
Expenditures				
Current:				
Public safety	377,550	438,790	415,444	(23,346)
Community and economic development	-	59,000	58,595	(405)
Recreation and culture	-	23,100	23,100	-
Total expenditures	<u>377,550</u>	<u>520,890</u>	<u>497,139</u>	<u>(23,751)</u>
Revenues under expenditures	(63,250)	(112,150)	(34,359)	77,791
Other financing sources				
Transfers in	12,000	24,100	23,100	(1,000)
Net change in fund balance	(51,250)	(88,050)	(11,259)	76,791
Fund balance, beginning of year	490,708	490,708	490,708	-
Fund balance, end of year	<u>\$ 439,458</u>	<u>\$ 402,658</u>	<u>\$ 479,449</u>	<u>\$ 76,791</u>

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 3,049,272	\$ 2,279,788	\$ 667,057	\$ 5,996,117	\$ 24,884,093
Receivables, net	8,431,153	24,579	187,815	8,643,547	13,743
Prepaid items	-	-	-	-	1,203,249
Inventories	318,960	30,360	-	349,320	155,631
Total current assets	11,799,385	2,334,727	854,872	14,988,984	26,256,716
Noncurrent assets:					
Due from other governmental units	158,142	-	-	158,142	-
Capital assets not being depreciated	8,934,230	8,697,785	195,312	17,827,327	319,065
Capital assets being depreciated, net	87,529,984	39,515,499	5,289,564	132,335,047	7,347,321
Net other postemployment benefit asset	701,524	141,179	40,556	883,259	257,751
Total noncurrent assets	97,323,880	48,354,463	5,525,432	151,203,775	7,924,137
Total assets	109,123,265	50,689,190	6,380,304	166,192,759	34,180,853
Deferred outflows of resources					
Deferred charge on refunding	179,531	527,756	-	707,287	31,753
Deferred pension amounts	40,475	7,401	2,327	50,203	14,499
Deferred other postemployment benefit amounts	87,547	17,619	5,061	110,227	32,166
Total deferred outflows of resources	307,553	552,776	7,388	867,717	78,418
Liabilities					
Current liabilities:					
Accounts payable	2,388,547	38,377	89,164	2,516,088	118,509
Accrued and other liabilities	501,368	359,563	25,781	886,712	453,458
Cash bonds and deposits	250	13,741	-	13,991	-
Unearned revenue	-	-	15,950	15,950	-
Long-term debt, due within one year	3,215,268	2,613,044	59,341	5,887,653	347,413
Other long-term liabilities, current	-	-	-	-	601,792
Compensated absences, current	85,431	27,571	10,998	124,000	75,962
Total current liabilities	6,190,864	3,052,296	201,234	9,444,394	1,597,134
Noncurrent liabilities:					
Long-term debt	17,761,358	29,652,154	1,307,002	48,720,514	7,067,666
Other long-term liabilities	-	-	-	-	601,792
Accrued compensated absences	86,066	27,775	11,080	124,921	74,339
Net pension liability	976,795	178,608	56,144	1,211,547	349,941
Total noncurrent liabilities	18,824,219	29,858,537	1,374,226	50,056,982	8,093,738
Total liabilities	25,015,083	32,910,833	1,575,460	59,501,376	9,690,872
Deferred inflows of resources					
Deferred pension amounts	289,221	52,885	16,624	358,730	103,615
Deferred other postemployment benefit amounts	1,176,289	236,724	68,003	1,481,016	432,188
Total deferred inflows of resources	1,465,510	289,609	84,627	1,839,746	535,803
Net position					
Net investment in capital assets	86,602,068	17,159,013	5,484,876	109,245,957	7,342,494
Unrestricted (deficit)	(3,651,843)	882,511	(757,271)	(3,526,603)	16,690,102
Total net position	\$ 82,950,225	\$ 18,041,524	\$ 4,727,605	\$ 105,719,354	\$ 24,032,596

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, 2021

Net position - total enterprise funds	\$ 105,719,354
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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

4,887,476

Net position of business-type activities	<u>\$ 110,606,830</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, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 28,848,968	\$ 2,428,675	\$ 1,331,808	\$ 32,609,451	\$ 19,285,205
Other	99,103	-	17,069	116,172	547,208
Total operating revenues	28,948,071	2,428,675	1,348,877	32,725,623	19,832,413
Operating expenses					
Salaries and benefits	2,317,381	530,607	177,157	3,025,145	12,039,290
Supplies	524,178	57,909	58,686	640,773	734,200
Water purchases	4,008,873	-	-	4,008,873	-
Sewage disposal services	13,309,430	-	-	13,309,430	-
Other services and charges	3,137,478	1,230,336	2,139,863	6,507,677	3,418,706
Depreciation	3,203,103	1,240,496	261,449	4,705,048	1,358,281
Total operating expenses	26,500,443	3,059,348	2,637,155	32,196,946	17,550,477
Operating income (loss)	2,447,628	(630,673)	(1,288,278)	528,677	2,281,936
Nonoperating revenues (expenses)					
Taxes	2,809,547	-	-	2,809,547	-
State grants	75,953	-	-	75,953	-
Interest income	14,004	44,867	2,174	61,045	-
Contributions	-	1,446,701	-	1,446,701	-
Interest expense	(732,451)	(1,153,387)	(54,417)	(1,940,255)	(293,960)
Gain (loss) on sale of capital assets	-	(882,462)	-	(882,462)	162,193
Total nonoperating revenues (expenses)	2,167,053	(544,281)	(52,243)	1,570,529	(131,767)
Income (loss) before transfers	4,614,681	(1,174,954)	(1,340,521)	2,099,206	2,150,169
Transfers					
Transfers in	113,232	-	25,000	138,232	437,545
Transfers out	(3,000)	(24,120)	(3,000)	(30,120)	-
Net transfers	110,232	(24,120)	22,000	108,112	437,545
Change in net position	4,724,913	(1,199,074)	(1,318,521)	2,207,318	2,587,714
Net position, beginning of year	78,225,312	19,240,598	6,046,126	103,512,036	21,444,882
Net position, end of year	\$ 82,950,225	\$ 18,041,524	\$ 4,727,605	\$ 105,719,354	\$ 24,032,596

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, 2021

Change in net position - total enterprise funds	\$ 2,207,318
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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

287,452

Change in net position of business-type activities

<u>\$ 2,494,770</u>

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 28,710,802	\$ 2,421,471	\$ 1,238,579	\$ 32,370,852	\$ -
Internal activity - receipts from other funds	-	-	-	-	19,285,205
Other operating receipts	99,103	-	17,069	116,172	547,208
Payments to vendors	(21,341,596)	(1,370,332)	(2,162,065)	(24,873,993)	(4,194,793)
Payments to employees	(2,175,230)	(472,761)	(154,802)	(2,802,793)	(12,407,504)
Net cash provided by (used in) operating activities	<u>5,293,079</u>	<u>578,378</u>	<u>(1,061,219)</u>	<u>4,810,238</u>	<u>3,230,116</u>
Cash flows from noncapital financing activities					
Tax revenues received	2,809,547	-	-	2,809,547	-
Grants received	75,953	-	-	75,953	-
Contributions and donations	-	1,446,701	-	1,446,701	-
Transfers from other funds	113,232	-	25,000	138,232	437,545
Transfers to other funds	(3,000)	(24,120)	(3,000)	(30,120)	-
Net cash provided by noncapital financing activities	<u>2,995,732</u>	<u>1,422,581</u>	<u>22,000</u>	<u>4,440,313</u>	<u>437,545</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	(4,280,226)	(764,497)	-	(5,044,723)	(2,016,005)
Principal paid on long-term debt	(3,933,072)	(2,473,572)	(57,834)	(6,464,478)	(334,228)
Interest paid on long-term debt	(736,903)	(1,124,551)	(54,417)	(1,915,871)	(291,566)
Proceeds from sale of capital assets	-	-	-	-	219,233
Net cash used in capital and related financing activities	<u>(8,950,201)</u>	<u>(4,362,620)</u>	<u>(112,251)</u>	<u>(13,425,072)</u>	<u>(2,422,566)</u>
Cash flows from investing activities					
Interest received on investments	14,004	44,867	2,174	61,045	-
Net change in cash and investments	<u>(647,386)</u>	<u>(2,316,794)</u>	<u>(1,149,296)</u>	<u>(4,113,476)</u>	<u>1,245,095</u>
Cash and investments balances, beginning of year	<u>3,696,658</u>	<u>4,596,582</u>	<u>1,816,353</u>	<u>10,109,593</u>	<u>23,638,998</u>
Cash and investments balances, end 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>

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:					
Operating income (loss)	\$ 2,447,628	\$ (630,673)	\$ (1,288,278)	\$ 528,677	\$ 2,281,936
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,203,103	1,240,496	261,449	4,705,048	1,358,281
Changes in assets and liabilities:					
Receivables, net	(548,690)	(7,954)	(47,392)	(604,036)	(8,856)
Prepaid items	-	-	-	-	896,339
Inventories	(65,781)	(11,471)	-	(77,252)	(8,992)
Due from other governmental units	410,524	-	-	410,524	-
Deferred outflows related to the net pension liability	148,203	24,925	7,864	180,992	50,362
Deferred outflows related to the net other postemployment benefit liability	745,800	153,526	37,190	936,516	249,528
Accounts payable	(254,252)	(49,070)	36,484	(266,838)	(742,908)
Accrued and other liabilities	(41,604)	(21,546)	3,661	(59,489)	(39,924)
Cash bonds and deposits	-	750	-	750	-
Unearned revenue	-	-	(45,837)	(45,837)	-
Other long-term liabilities	-	-	-	-	(590,464)
Accrued compensated absences	(2,860)	20,212	3,893	21,245	5,759
Net pension liability	(300,221)	(40,182)	(12,837)	(353,240)	(89,051)
Net other postemployment benefits asset	(1,890,910)	(385,444)	(100,858)	(2,377,212)	(659,797)
Deferred inflows related to the net pension asset	289,221	52,885	16,624	358,730	103,615
Deferred inflows related to the net other postemployment benefit asset	1,152,918	231,924	66,818	1,451,660	424,288
Net cash provided by (used in) operating activities	\$ 5,293,079	\$ 578,378	\$ (1,061,219)	\$ 4,810,238	\$ 3,230,116

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, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets		
Cash and investments	\$ -	\$ 389,328
Investments, at fair value:		
Mutual funds	231,139,877	-
Equities	87,002,918	-
Government obligations	2,196,105	-
Other assets	20,495,207	-
Receivables, net	68,414	-
Total assets	<u>340,902,521</u>	<u>389,328</u>
Liabilities		
Accounts payable	1,724,491	-
Undistributed receipts	-	152,889
Accrued and other liabilities	1,927	-
Due to City of Berkley	-	10,602
Due to other governmental units	-	290
Bonds and deposits	-	111,743
Total liabilities	<u>1,726,418</u>	<u>275,524</u>
Net position		
Restricted for:		
Pension benefits	182,401,892	-
Other postemployment benefits	156,774,211	-
Individuals, organizations and other governments	-	113,804
Total net position	<u>\$ 339,176,103</u>	<u>\$ 113,804</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, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Contributions:		
Employer	\$ 9,367,803	\$ -
Plan members	893,838	-
Total contributions	10,261,641	-
Investment earnings:		
Net change in fair value of investments	75,131,359	-
Interest	996	-
Dividends	4,947,206	-
Other investment revenues	264,053	-
Total investment gain	80,343,614	-
Less investment expenses	1,329,901	-
Net investment gain	79,013,713	-
Taxes collected for other governments	-	81,450,494
Other additions	-	1,370,218
Total additions	89,275,354	82,820,712
Deductions		
Benefits	25,840,560	-
Refund of contributions	1,334,770	-
Administrative expenses	96,736	-
Payments of taxes to other governments	-	81,450,494
Other deductions	-	1,320,555
Total deductions	27,272,066	82,771,049
Change in net position	62,003,288	49,663
Net position, beginning of year, as restated	277,172,815	64,141
Net position, end of year	\$ 339,176,103	\$ 113,804

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, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 3,673,338	\$ 126,069	\$ 502,995	\$ 4,302,402
Receivables, net	31,099	-	3,735	34,834
Prepaid items	50,000	-	-	50,000
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets being depreciated, net	500,626	-	-	500,626
Net other postemployment benefit asset	34,226	20,669	-	54,895
Total assets	5,132,264	146,738	506,730	5,785,732
Deferred outflows of resources				
Deferred pension amounts	1,865	1,134	-	2,999
Deferred other postemployment benefit amounts	4,271	2,579	-	6,850
Total deferred outflows of resources	6,136	3,713	-	9,849
Liabilities				
Accounts payable	98,174	403	11,713	110,290
Accrued and other liabilities	22,551	3,649	-	26,200
Long-term debt:				
Due within one year	1,030	3,970	-	5,000
Due in more than one year	1,134	4,369	-	5,503
Net pension liability (due in more than one year)	45,015	27,357	-	72,372
Total liabilities	167,904	39,748	11,713	219,365
Deferred inflows of resources				
Deferred pension amounts	13,329	8,100	-	21,429
Deferred other postemployment benefit amounts	57,388	34,657	-	92,045
Total deferred inflows of resources	70,717	42,757	-	113,474
Net position				
Investment in capital assets	1,343,601	-	-	1,343,601
Unrestricted	3,556,178	67,946	495,017	4,119,141
Total net position	\$ 4,899,779	\$ 67,946	\$ 495,017	\$ 5,462,742

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, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Expenses				
Tax Increment Financing Authority	\$ 8,301,782	\$ -	\$ -	\$ 8,301,782
Downtown Development Authority	-	60,151	-	60,151
Brownfield Redevelopment Authority	-	-	553,576	553,576
Total expenses	8,301,782	60,151	553,576	8,915,509
Program revenues				
Operating grants and contributions	35,480	-	-	35,480
Net expense	(8,266,302)	(60,151)	(553,576)	(8,880,029)
General revenues				
Property taxes	4,978,289	50,557	668,931	5,697,777
Unrestricted investment earnings	14,382	375	1,919	16,676
Total general revenues	4,992,671	50,932	670,850	5,714,453
Change in net position	(3,273,631)	(9,219)	117,274	(3,165,576)
Net position, beginning of year	8,173,410	77,165	377,743	8,628,318
Net position, end of year	\$ 4,899,779	\$ 67,946	\$ 495,017	\$ 5,462,742

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, 2021, the City expensed approximately \$5,433,000 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, 2021, the City expensed approximately \$4,009,000 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	Years
Buildings and renovations	25-45
Improvements	10-20
Infrastructure	40-50
Vehicles	3-10
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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources 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 position 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. 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 30th. 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

During the year ended June 30, 2021, the City did not incur expenditures in excess of the amounts appropriated at the legal level of budgetary control for any required budgetary funds.

Deficit Fund Equity

The water and sewer enterprise fund reported a deficit in unrestricted net position in the amount of \$3,651,843 at June 30, 2021. The fund had total net position of \$82,950,225, as well as a positive working capital reserve at year end.

The recreation administration enterprise fund reported a deficit in unrestricted net position in the amount of \$930,070 at June 30, 2021. The fund had total net position of \$1,871,107, 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 \$218,456 at June 30, 2021. The fund had total net position of \$1,312,624, as well as a positive working capital reserve at year end.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 a trust fund by Fifth Third Bank.

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
Statement of Net Position			
Cash and investments	\$ 108,348,971	\$ 4,302,402	\$ 112,651,373
Restricted assets (endowments cash)	1,015	-	1,015
	<u>108,349,986</u>	<u>4,302,402</u>	<u>112,652,388</u>
Statement of Fiduciary Net Position			
Pension and OPEB trust funds -			
Investments	340,834,107	-	340,834,107
Custodial funds -			
Cash and investments	389,328	-	389,328
	<u>341,223,435</u>	<u>-</u>	<u>341,223,435</u>
Total	<u>\$ 449,573,421</u>	<u>\$ 4,302,402</u>	<u>\$ 453,875,823</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Deposits and investments

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 47,710,593
Investments:	
Equities:	
Large cap global equities	11,674,071
Large cap domestic equities	54,585,551
Small and mid cap equities	21,368,464
Developed international equities	12,681,047
Emerging markets equities	7,725,081
Bond mutual funds	45,023,939
Equity mutual funds	118,230,483
Other mutual funds	46,282,853
Government bond funds	2,196,105
Michigan CLASS government investment pool	65,897,578
Pooled investment fund:	
SEI Structured Credit Fund	9,993,092
SEI Core Property Collective Fund	10,191,174
SEI Global Private Assets	310,941
Cash on hand	4,851
Total	<u><u>\$ 453,875,823</u></u>

Investment and Deposit Risk

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

	Fair Value	Weighted Average Maturity (Years)
Bond mutual funds:		
Emerging markets debt	\$ 3,857,908	6.33
High yield bond fund	10,763,323	3.63
Core fixed income fund	30,402,708	6.62
Total	<u><u>\$ 45,023,939</u></u>	

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, 2021, \$45,538,399 of the City's bank balance of \$48,051,557 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. As of June 30, 2021, the City's investments consisted of equities, mutual funds, government obligations and other assets totaling \$406,160,379. 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, 2021, 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, 2021:

	Level 1	Level 2	Level 3	Total
Equities	\$ 108,034,214	\$ -	\$ -	\$ 108,034,214
Bond mutual funds	45,023,939	-	-	45,023,939
Equity mutual funds	118,230,483	-	-	118,230,483
Other mutual funds	46,282,853	-	-	46,282,853
Government bond funds	2,196,105	-	-	2,196,105
SEI Global Private Assets	310,941	-	-	310,941
Total investments at fair value	\$ 320,078,535	\$ -	\$ -	320,078,535
Investments measured at NAV:				
Michigan CLASS Investment Pool				65,897,578
SEI Structured Credit Fund				9,993,092
SEI Core Property Collective Fund				10,191,174
Total investments measured at NAV				86,081,844
Total investments				\$ 406,160,379

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, 2021, 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	\$ 65,897,578	\$ -	N/A	None
SEI Structured Credit Fund	9,993,092	-	N/A	None
SEI Core Property Collective Fund	10,191,174	-	N/A	None
Total	\$ 86,081,844	\$ -		

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units	Not Expected to be Collected Within One Year
Accounts	\$ 1,039,352	\$ 8,640,029	\$ -	\$ -
Loans	2,699,901	-	-	2,699,901
Taxes (current)	-	-	3,735	-
Taxes (delinquent)	149,364	5,612	89,753	-
Special assessments	810,449	-	-	635,153
Intergovernmental	3,998,804	158,142	-	158,142
Interest and other	80,646	-	-	-
Less: allowance for uncollectibles	(90,970)	(2,094)	(58,654)	-
	<u>\$ 8,687,546</u>	<u>\$ 8,801,689</u>	<u>\$ 34,834</u>	<u>\$ 3,493,196</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021, was as follows:

	Due from Other Funds	Due to Other Funds
General	\$ 164,307	\$ -
Nonmajor governmental funds	-	164,307
	<u>\$ 164,307</u>	<u>\$ 164,307</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$4,887,476. 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	\$ -	\$ 17,500,000	\$ -	\$ 10,000	\$ 3,018,973
State construction code	-	-	-	-	3,000
City capital projects	671,773	-	-	-	143,546
Nonmajor					
governmental funds	6,093	-	225,076	13,100	2,138
Water and sewer fund	-	-	-	-	3,000
Automobile parking system fund	-	-	-	-	-
Nonmajor enterprise funds	-	-	-	-	3,000
	<u>\$ 677,866</u>	<u>\$ 17,500,000</u>	<u>\$ 225,076</u>	<u>\$ 23,100</u>	<u>\$ 3,173,657</u>

Transfers Out	Transfers In			Total
	Water & Sewer Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General fund	\$ -	25,000	\$ 69,925	\$ 20,623,898
State construction code	-	-	-	3,000
City capital projects	71,773	-	-	887,092
Nonmajor				
governmental funds	41,459	-	343,500	631,366
Water and sewer fund	-	-	-	3,000
Automobile parking system fund	-	-	24,120	24,120
Nonmajor enterprise funds	-	-	-	3,000
	<u>\$ 113,232</u>	<u>\$ 25,000</u>	<u>\$ 437,545</u>	<u>\$ 22,175,476</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
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 66,774,752	\$ -	\$ -	\$ -	\$ 66,774,752
Construction in progress	58,585,245	23,692,423	-	(46,224,898)	36,052,770
	<u>125,359,997</u>	<u>23,692,423</u>	<u>-</u>	<u>(46,224,898)</u>	<u>102,827,522</u>
Capital assets, being depreciated:					
Buildings	30,998,032	483,386	(2,447,197)	33,259,987	62,294,208
Improvements other than buildings	7,286,686	528,041	(397,530)	208,795	7,625,992
Machinery and equipment	25,214,561	1,794,872	(4,599,417)	889,385	23,299,401
Infrastructure	143,871,416	-	-	11,866,731	155,738,147
Intangibles	114,143	-	-	-	114,143
	<u>207,484,838</u>	<u>2,806,299</u>	<u>(7,444,144)</u>	<u>46,224,898</u>	<u>249,071,891</u>
Less accumulated depreciation for:					
Buildings	(17,481,977)	(577,886)	1,714,497	-	(16,345,366)
Improvements other than buildings	(4,013,095)	(187,210)	386,254	-	(3,814,051)
Machinery and equipment	(18,353,470)	(1,664,558)	4,542,379	-	(15,475,649)
Infrastructure	(72,923,366)	(2,190,896)	-	-	(75,114,262)
Intangibles	(90,130)	(10,618)	-	-	(100,748)
	<u>(112,862,038)</u>	<u>(4,631,168)</u>	<u>6,643,130</u>	<u>-</u>	<u>(110,850,076)</u>
Total capital assets being depreciated, net	<u>94,622,800</u>	<u>(1,824,869)</u>	<u>(801,014)</u>	<u>46,224,898</u>	<u>138,221,815</u>
Governmental activities capital assets, net	<u>\$ 219,982,797</u>	<u>\$ 21,867,554</u>	<u>\$ (801,014)</u>	<u>\$ -</u>	<u>\$ 241,049,337</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 8,902,503	\$ -	\$ -	\$ -	\$ 8,902,503
Construction in progress	8,127,105	4,280,226	-	(3,482,507)	8,924,824
	<u>17,029,608</u>	<u>4,280,226</u>	<u>-</u>	<u>(3,482,507)</u>	<u>17,827,327</u>
Capital assets, being depreciated:					
Buildings	63,484,302	764,496	-	-	64,248,798
Improvements other than buildings	1,453,612	-	(1,151,037)	-	302,575
Machinery and equipment	1,761,036	-	-	-	1,761,036
Infrastructure	142,729,851	-	-	3,482,507	146,212,358
	<u>209,428,801</u>	<u>764,496</u>	<u>(1,151,037)</u>	<u>3,482,507</u>	<u>212,524,767</u>
Less accumulated depreciation for:					
Buildings	(18,534,035)	(1,414,012)	-	-	(19,948,047)
Improvements other than buildings	(503,218)	(43,510)	268,575	-	(278,153)
Machinery and equipment	(1,317,897)	(42,923)	-	-	(1,360,820)
Infrastructure	(55,398,097)	(3,204,603)	-	-	(58,602,700)
	<u>(75,753,247)</u>	<u>(4,705,048)</u>	<u>268,575</u>	<u>-</u>	<u>(80,189,720)</u>
Total capital assets being depreciated, net	<u>133,675,554</u>	<u>(3,940,552)</u>	<u>(882,462)</u>	<u>3,482,507</u>	<u>132,335,047</u>
Business-type activities capital assets, net	<u>\$ 150,705,162</u>	<u>\$ 339,674</u>	<u>\$ (882,462)</u>	<u>\$ -</u>	<u>\$ 150,162,374</u>

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

Depreciation of governmental activities by function

General government	\$ 375,675
Public safety	267,067
Public works	2,201,201
Recreation and culture	428,944
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,358,281</u>
Total depreciation expense - governmental activities	<u>\$ 4,631,168</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Water and sewer	\$ 3,203,103
Parking	1,240,496
Recreation	87,765
Ice arena	104,832
Farmers market	<u>68,852</u>

Total depreciation expense - business-type activities	<u>\$ 4,705,048</u>
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Construction Commitments

The City has active construction projects as of June 30, 2021. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Buildings	\$ 159,862	\$ 32,403
Roads	30,931,570	3,103,728
Sidewalks	2,215,565	1,005,529
Water and Sewer projects	<u>7,827,886</u>	<u>4,070,843</u>
Total	<u>\$ 41,134,883</u>	<u>\$ 8,212,503</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
Component Unit - TIFA				
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
	<u>1,906,904</u>	<u>-</u>	<u>-</u>	<u>1,906,904</u>
Less accumulated depreciation for:				
Improvements other				
than buildings	(972,965)	(65,269)	-	(1,038,234)
Infrastructure	(350,659)	(17,385)	-	(368,044)
	<u>(1,323,624)</u>	<u>(82,654)</u>	<u>-</u>	<u>(1,406,278)</u>
Total capital assets				
being depreciated, net	<u>583,280</u>	<u>(82,654)</u>	<u>-</u>	<u>500,626</u>
Component unit - TIFA				
capital assets, net	<u>\$ 1,426,255</u>	<u>\$ (82,654)</u>	<u>\$ -</u>	<u>\$ 1,343,601</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
Governmental Activities					
Bonds payable	\$ 140,113,448	\$ -	\$ (7,358,440)	\$ 132,755,008	\$ 7,579,205
Unamortized premium	2,806,219	-	(164,469)	2,641,750	137,085
Compensated absences	3,686,954	2,553,816	(2,243,080)	3,997,690	1,999,000
General liability claims	1,219,450	170,474	(347,944)	1,041,980	520,990
Workers compensation	574,598	74,239	(487,233)	161,604	80,802
Total governmental activities	\$ 148,400,669	\$ 2,798,529	\$ (10,601,166)	\$ 140,598,032	\$ 10,317,082
Business-type Activities					
Bonds payable	\$ 50,697,553	\$ -	\$ (3,430,559)	\$ 47,266,994	\$ 3,544,795
Unamortized premium	616,082	-	(77,676)	538,406	77,675
Notes from direct borrowings and direct placements	9,836,686	-	(3,033,919)	6,802,767	2,265,183
Compensated absences	227,676	160,658	(139,413)	248,921	124,000
Total business-type activities	\$ 61,377,997	\$ 160,658	\$ (6,681,567)	\$ 54,857,088	\$ 6,011,653
Component Units					
Compensated absences	\$ 16,345	\$ 6,313	\$ (12,155)	\$ 10,503	\$ 5,000

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, \$150,301 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 \$2,571,981 and \$609,823 respectively.

Governmental activities - bonds payable

2012 Building Authority Refunding Bonds; \$4,965,000 at issuance; payable in annual installments of \$490,000 to \$620,000; interest payable semi-annually at 2.00% to 3.00% through September 2021	\$ 620,000
2014 Capital Improvement Refunding Bonds; \$2,053,000 at issuance; payable in annual installments of \$232,000 to \$283,000; interest payable semi-annually at 2.30% through June 2023	557,000
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	1,294,414
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	343,034
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	82,143,436
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	14,012,124
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	3,750,000
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	30,035,000
Total governmental activities bonds payable	\$ 132,755,008

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Business-type activities bonds payable, contractual obligations and State revolving fund

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	\$ 1,339,978
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	3,875,549
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	1,751,418
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	2,065,586
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	10,635,000
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	9,266,590
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	3,717,873
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	14,615,000
	<u>47,266,994</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Business-type activities - contractual obligations

* 2000 George W. Kuhn Drainage District, Series A; \$5,176,386 at issuance; payable in annual installments of \$202,655 to \$324,248; interest payable semi-annually at 2.50% through April 2022	\$ 324,248
* 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	4,359,976
* 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	115,130
* 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	126,853
* 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	635,469
* 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	201,457
* 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>1,039,634</u>
	<u>6,802,767</u>
Total business-type activities bonds payable, contractual obligations and State revolving fund	<u><u>\$ 54,069,761</u></u>
* 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			
	Bonds Payable		Bonds Payable		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 7,579,205	\$ 5,074,883	\$ 3,544,795	\$ 1,556,070	\$ 2,265,183	\$ 194,637
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
2027-2031	32,192,317	17,795,621	16,802,687	3,589,035	473,497	22,315
2032-2036	39,573,112	10,680,256	9,531,887	1,082,467	-	-
2037-2041	23,868,619	1,823,424	2,046,381	86,849	-	-
2042-2043	4,105,000	310,500	-	-	-	-
	<u>\$ 132,755,008</u>	<u>\$ 53,889,935</u>	<u>\$ 47,266,994</u>	<u>\$ 11,371,044</u>	<u>\$ 6,802,767</u>	<u>\$ 472,771</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, 2021, the City's obligation is \$6,802,767 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 general obligation debt amounts to 40.4 percent of the 10 percent legal debt limit. Section 517 of Act 34 limits capital improvement bonds to 5 percent of total assessed valuation. The City's capital improvement bonds issued amounts to \$100,038,356 or 2.6 of 5 percent the legal debt limit.

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 2020 and 2021 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2020	\$ 1,136,280	\$ 197,392	\$ (114,222)	\$ 1,219,450
2021	1,219,450	170,474	(347,944)	1,041,980

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 2020 and 2021 are as follows:

Fiscal Year		Liability at Beginning of Year		Current-Year Claims and Changes in Estimates		Claim Payments		Liability at End of Year
2020	\$	437,861	\$	308,936	\$	(172,199)	\$	574,598
2021		574,598		74,239		(487,233)		161,604

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 2020 and 2021 are as follows:

Fiscal Year		Liability at Beginning of Year		Current-Year Claims and Changes in Estimates		Claim Payments		Liability at End of Year
2020	\$	290,000	\$	9,696,622	\$	(9,686,354)	\$	300,268
2021		300,268		10,082,519		(10,082,787)		300,000

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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.19%. 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, 2020 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits	543
Terminated employees entitled to benefits but not yet receiving them	22
Current full-time employees	201
Total members	766

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, 2021 is as follows:

Reserve / Group	Balance
Police and fire members benefit fund	\$ 112,382,148
General members benefit fund	100,803,314
Undistributed investment income fund	(30,783,570)

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Net Pension Liability. The City's net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020 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, 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 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, 2021, 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	6.00%	6.25%	0.38%
Core fixed income	17.00%	4.04%	0.69%
Private real estate	5.00%	4.80%	0.24%
Structured credit	5.00%	8.02%	0.40%
Global private assets	5.00%	10.11%	0.51%
	100.00%		6.01%
Inflation			2.00%
Risk adjustments			-0.76%
Investment rate of return			7.25%

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, 2020	<u>\$ 247,466,472</u>	<u>\$ 149,943,938</u>	<u>\$ 97,522,534</u>
Changes for the year:			
Service cost	2,943,285	-	2,943,285
Interest	17,346,377	-	17,346,377
Differences between expected and actual experience	3,370,274	-	3,370,274
Employer contributions	-	8,404,994	(8,404,994)
Employee contributions	-	893,838	(893,838)
Net investment income	-	42,574,039	(42,574,039)
Benefit payments, including refunds of employee contributions	(19,355,449)	(19,355,449)	-
Administrative expense	-	(59,468)	59,468
Net changes	<u>4,304,487</u>	<u>32,457,954</u>	<u>(28,153,467)</u>
Balances at June 30, 2021	<u>\$ 251,770,959</u>	<u>\$ 182,401,892</u>	<u>\$ 69,369,067</u>

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

Governmental activities	\$ 68,085,148
Business-type activities	1,211,547
Component units	<u>72,372</u>
Total net pension liability	<u>\$ 69,369,067</u>

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	\$ 96,875,605	\$ 69,369,067	\$ 46,248,041

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 and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the City recognized pension expense of \$12,325,713. At June 30, 2020, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 2,608,085	\$ -	\$ 2,608,085
Changes in assumptions	266,313	-	266,313
Net difference between projected and actual earnings on pension plan investments	-	(20,539,628)	(20,539,628)
Total	\$ 2,874,398	\$ (20,539,628)	\$ (17,665,230)

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	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 2,821,196	\$ (20,159,469)	\$ (17,338,273)
Business-type activities	50,203	(358,730)	(308,527)
Component units	2,999	(21,429)	(18,430)
Total	\$ 2,874,398	\$ (20,539,628)	\$ (17,665,230)

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

Year Ended June 30,	Amount
2022	\$ (2,606,641)
2023	(3,506,845)
2024	(5,137,949)
2025	(6,413,795)
Total	\$ (17,665,230)

Payable to the Pension Plan. At June 30, 2021, 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>
Total membership	<u><u>557</u></u>

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, 2021. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2021, 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, 2021, the City contributed \$962,809.

Rate of Return. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.40%. 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 Asset

The City's net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021.

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	2.5%
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	9.0% and gradually decreasing to an ultimate trend rate of 3.0%
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, 2018 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, 2021 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%	6.78%	1.02%
International developed	15.00%	6.56%	0.98%
International emerging	5.00%	8.55%	0.43%
Domestic fixed income	15.00%	1.15%	0.17%
Real estate	10.00%	5.42%	0.54%
Private equity	10.00%	10.04%	1.00%
	<u>100.00%</u>		5.86%
Inflation			2.00%
Risk adjustments			<u>-0.61%</u>
Investment rate of return			<u><u>7.25%</u></u>

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, 2020	<u>\$ 141,939,525</u>	<u>\$ 127,228,877</u>	<u>\$ 14,710,648</u>
Changes for the year:			
Service cost	691,092	-	691,092
Interest on total OPEB liability	10,032,196	-	10,032,196
Differences between expected and actual experience	(1,393,664)	-	(1,393,664)
Changes in assumptions	4,288,384	-	4,288,384
Employer contributions	-	962,809	(962,809)
Net investment income	-	36,439,674	(36,439,674)
Benefit payments	(7,819,881)	(7,819,881)	-
Administrative expense	-	(37,268)	37,268
Net changes	<u>5,798,127</u>	<u>29,545,334</u>	<u>(23,747,207)</u>
Balances at June 30, 2021	<u>\$ 147,737,652</u>	<u>\$ 156,774,211</u>	<u>\$ (9,036,559)</u>

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

Governmental activities	\$ (8,098,405)
Business-type activities	(883,259)
Component units	<u>(54,895)</u>
Total net OPEB asset	<u>\$ (9,036,559)</u>

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)	\$ 8,120,680	\$ (9,036,559)	\$ (23,334,877)

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 (8.0% decreasing to 2.0%) or 1% higher (10.0% decreasing to 4.0%) than the current healthcare cost trend rates:

	1% Decrease (8.0% Decreasing to 2.0%)	Healthcare Cost Trend Rates (9.0% Decreasing to 3.0%)	1% Increase (10.0% Decreasing to 4.0%)
City's net OPEB liability (asset)	\$ (24,792,746)	\$ (9,036,559)	\$ 9,803,968

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, 2021, the City recognized OPEB expense of \$1,258,044. At June 30, 2021, 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	\$ -	\$ (366,494)	\$ (366,494)
Changes in assumptions	1,127,724	-	1,127,724
Net difference between projected and actual earnings on OPEB plan investments	-	(14,785,667)	(14,785,667)
Total	\$ 1,127,724	\$ (15,152,161)	\$ (14,024,437)

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	\$ 1,010,647	\$ (13,579,100)	(12,568,453)
Business-type activities	110,227	(1,481,016)	(1,370,789)
Component units	6,850	(92,045)	(85,195)
Total	\$ 1,127,724	\$ (15,152,161)	\$ (14,024,437)

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	\$ (1,780,439)
2023	(3,056,831)
2024	(3,748,623)
2025	<u>(5,438,544)</u>
Total	<u>\$ (14,024,437)</u>

Payable to the OPEB Plan. At June 30, 2021, 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
Assets			
Investments, at fair value:			
Mutual funds	\$ 163,254,423	\$ 67,885,454	\$ 231,139,877
Equities	-	87,002,918	87,002,918
Government obligations	-	2,196,105	2,196,105
Other assets	20,495,207	-	20,495,207
Receivables, net	65,799	2,615	68,414
Total assets	183,815,429	157,087,092	340,902,521
Liabilities			
Accounts payable	1,411,610	312,881	1,724,491
Accrued and other liabilities	1,927	-	1,927
Total liabilities	1,413,537	312,881	1,726,418
Net position			
Restricted for:			
Employees' pension benefits	182,401,892	-	182,401,892
Other postemployment benefits	-	156,774,211	156,774,211
Total net position	\$ 182,401,892	\$ 156,774,211	\$ 339,176,103

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Changes in Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 8,404,994	\$ 962,809	\$ 9,367,803
Plan members	893,838	-	893,838
Total contributions	9,298,832	962,809	10,261,641
Investment earnings:			
Net change in fair value of investments	41,013,053	34,118,306	75,131,359
Interest	-	996	996
Dividends	2,458,450	2,488,756	4,947,206
Other investment revenues	807	263,246	264,053
Total investment gain	43,472,310	36,871,304	80,343,614
Less: investment expense	898,271	431,630	1,329,901
Net investment gain	42,574,039	36,439,674	79,013,713
Total additions	51,872,871	37,402,483	89,275,354
Deductions			
Benefits	18,020,679	7,819,881	25,840,560
Refund of contributions	1,334,770	-	1,334,770
Administrative expenses	59,468	37,268	96,736
Total deductions	19,414,917	7,857,149	27,272,066
Change in net position	32,457,954	29,545,334	62,003,288
Net position, beginning of year	149,943,938	127,228,877	277,172,815
Net position, end of year	<u>\$ 182,401,892</u>	<u>\$ 156,774,211</u>	<u>\$ 339,176,103</u>

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, 2021, there were 124 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, 2021, were \$349,556 by the employees and \$627,376 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, 2021, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 102,827,522	\$ 17,827,327	\$ 842,975
Capital assets being depreciated, net	138,221,815	132,335,047	500,626
	<u>241,049,337</u>	<u>150,162,374</u>	<u>1,343,601</u>
Related debt:			
Bonds payable	132,755,008	47,266,994	-
Contractual obligations	-	6,802,767	-
Less: pension and OPEB bonds	(96,155,560)	(12,984,463)	-
Bond premium	2,641,750	538,406	-
Deferred charge on refunding	(69,468)	(707,287)	-
	<u>39,171,730</u>	<u>40,916,417</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 201,877,607</u></u>	<u><u>\$ 109,245,957</u></u>	<u><u>\$ 1,343,601</u></u>

16. TAX ABATEMENTS

The City received reduced property tax revenues during 2021 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$38,000 in reduced tax revenues for 2021.

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 \$665,000 in reduced City tax revenues for 2021.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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. The City directly recognized over \$4.1 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as vaccination programs, personal protection equipment (PPE) programs, small business grants, housing assistance and food and transportation assistance among others.

18. IMPLEMENTATION OF GASB STATEMENT NO. 84

The City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result of this change, beginning net position of the general custodial fund was increased by \$64,141.

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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,				
	2021	2020	2019	2018	2017
Change in total pension liability					
Service cost	\$ 2,943,285	\$ 3,072,854	\$ 2,679,699	\$ 2,591,005	\$ 2,517,235
Interest	17,346,377	17,159,438	16,458,436	16,218,308	15,789,346
Changes of benefit terms	-	-	-	238,261	-
Differences between expected and actual experience	3,370,274	1,271,724	1,891,039	1,332,879	3,951,131
Changes in assumptions	-	-	21,018,018	-	-
Benefit payments, including refunds of member contributions	(19,355,449)	(18,366,037)	(17,491,531)	(17,237,196)	(16,388,754)
Other changes	-	-	-	37,994	53,367
Net change in total pension liability	<u>4,304,487</u>	<u>3,137,979</u>	<u>24,555,661</u>	<u>3,181,251</u>	<u>5,922,325</u>
Total pension liability, beginning	<u>247,466,472</u>	<u>244,328,493</u>	<u>219,772,832</u>	<u>216,591,581</u>	<u>210,669,256</u>
Total pension liability, ending (a)	<u>251,770,959</u>	<u>247,466,472</u>	<u>244,328,493</u>	<u>219,772,832</u>	<u>216,591,581</u>
Change in plan fiduciary net position					
Contributions - employer	8,404,994	8,575,466	6,125,484	5,878,213	28,605,368
Contributions - member	893,838	914,884	943,151	937,300	952,984
Net investment income (loss)	42,574,039	4,488,484	8,537,229	11,535,933	16,766,006
Employee service purchases	-	105,389	102,167	170,616	111,902
Benefit payments, including refunds of member contributions	(19,355,449)	(18,367,647)	(17,491,531)	(17,237,196)	(16,388,754)
Administrative expense	(59,468)	(78,213)	(109,517)	(57,159)	(71,470)
Net change in plan fiduciary net position	<u>32,457,954</u>	<u>(4,361,637)</u>	<u>(1,893,017)</u>	<u>1,227,707</u>	<u>29,976,036</u>
Plan fiduciary net position, beginning	<u>149,943,938</u>	<u>154,305,575</u>	<u>156,198,592</u>	<u>154,970,885</u>	<u>124,994,849</u>
Plan fiduciary net position, ending (b)	<u>182,401,892</u>	<u>149,943,938</u>	<u>154,305,575</u>	<u>156,198,592</u>	<u>154,970,885</u>
City's net pension liability, ending (a)-(b)	<u>\$ 69,369,067</u>	<u>\$ 97,522,534</u>	<u>\$ 90,022,918</u>	<u>\$ 63,574,240</u>	<u>\$ 61,620,696</u>
Plan fiduciary net position as a percentage of the total pension liability	72.45%	60.59%	63.15%	71.07%	71.55%
Covered payroll	\$ 18,814,459	\$ 18,916,060	\$ 18,517,659	\$ 18,885,808	\$ 16,079,024
City's net pension liability as a percentage of covered payroll	368.70%	515.55%	486.15%	336.62%	383.24%

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,		
2016	2015	2014
\$ 2,542,348	\$ 2,555,924	\$ 2,485,567
15,445,529	15,214,726	15,021,782
-	96,556	-
2,710,293	903,595	-
-	-	-
(16,109,768)	(15,462,071)	(14,643,773)
-	-	-
4,588,402	3,308,730	2,863,576
206,080,854	202,772,124	199,908,548
210,669,256	206,080,854	202,772,124
7,034,692	7,098,292	6,539,504
1,157,297	981,785	1,603,847
(3,312,904)	4,465,722	21,788,939
-	-	-
(16,109,768)	(15,462,070)	(14,644,935)
(99,672)	(71,374)	(49,691)
(11,330,355)	(2,987,645)	15,237,664
136,325,204	139,312,849	124,075,185
124,994,849	136,325,204	139,312,849
\$ 85,674,407	\$ 69,755,650	\$ 63,459,275

59.33%	66.15%	68.70%
\$ 15,845,062	\$ 15,391,242	\$ 15,296,167
540.70%	453.22%	414.87%

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2014	\$ 202,772,124	\$ 139,312,849	\$ 63,459,275	68.70%	\$ 15,296,167	414.87%
2015	206,080,854	136,325,204	69,755,650	66.15%	15,391,242	453.22%
2016	210,669,256	124,994,849	85,674,407	59.33%	15,845,062	540.70%
2017	216,591,581	154,970,885	61,620,696	71.55%	16,079,024	383.24%
2018	219,772,832	156,198,592	63,574,240	71.07%	18,885,808	336.62%
2019	244,328,493	154,305,575	90,022,918	63.15%	18,517,659	486.15%
2020	247,466,472	149,943,938	97,522,534	60.59%	18,916,060	515.55%
2021	251,770,959	182,401,892	69,369,067	72.45%	18,814,459	368.70%

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

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered 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%

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, 2020 (for determination of employer contributions for the 2021 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: 19 years, closed
 Police and Fire: 24 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.
 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.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Investment Returns

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

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

	Fiscal Year Ended June 30,				
	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 691,092	\$ 854,604	\$ 727,780	\$ 703,060	\$ 733,901
Interest on total OPEB liability	10,032,196	9,863,756	9,494,786	9,329,723	9,160,807
Difference between expected and actual experience	(1,393,664)	(645,224)	(10,208,287)	(438,850)	(192,395)
Changes in assumptions	4,288,384	-	20,859,970	-	-
Benefit payments	(7,819,881)	(7,516,243)	(7,282,202)	(7,671,260)	(7,343,423)
Other changes	-	-	-	294	-
Net change in total OPEB liability	<u>5,798,127</u>	<u>2,556,893</u>	<u>13,592,047</u>	<u>1,922,967</u>	<u>2,358,890</u>
Total OPEB liability, beginning of year	<u>141,939,525</u>	<u>139,382,632</u>	<u>125,790,585</u>	<u>123,867,618</u>	<u>121,508,728</u>
Total OPEB liability, end of year	<u>147,737,652</u>	<u>141,939,525</u>	<u>139,382,632</u>	<u>125,790,585</u>	<u>123,867,618</u>
Plan fiduciary net position					
Employer contributions	962,809	1,086,472	743,637	716,492	119,383,923
Net investment income	36,439,674	940,267	6,574,025	7,408,631	3,439,452
Benefit payments	(7,819,881)	(7,516,243)	(7,282,202)	(7,671,260)	(7,343,423)
Administrative expense	(37,268)	(23,795)	(40,935)	(29,916)	(24,690)
Net change in plan fiduciary net position	<u>29,545,334</u>	<u>(5,513,299)</u>	<u>(5,475)</u>	<u>423,947</u>	<u>115,455,262</u>
Plan fiduciary net position, beginning of year	<u>127,228,877</u>	<u>132,742,176</u>	<u>132,747,651</u>	<u>132,323,704</u>	<u>16,868,442</u>
Plan fiduciary net position, end of year	<u>156,774,211</u>	<u>127,228,877</u>	<u>132,742,176</u>	<u>132,747,651</u>	<u>132,323,704</u>
Net OPEB liability (asset)	<u>\$ (9,036,559)</u>	<u>\$ 14,710,648</u>	<u>\$ 6,640,456</u>	<u>\$ (6,957,066)</u>	<u>\$ (8,456,086)</u>
Plan fiduciary net position as a percentage of total OPEB liability	106.12%	89.64%	95.24%	105.53%	106.83%
Covered payroll	\$ 11,642,228	\$ 12,401,383	\$ 13,668,537	\$ 14,183,345	\$ 14,971,828
Net OPEB liability (asset) as a percentage of covered payroll	-77.62%	118.62%	48.58%	-49.05%	-56.48%

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%.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

Schedule of the Net OPEB Liability (Asset)

Fiscal Year Ended June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Asset/Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Asset/Liability as Percentage of Covered Payroll
2017	\$ 123,867,618	\$ 132,323,704	\$ (8,456,086)	106.83%	\$ 14,971,828	-56.48%
2018	125,790,585	132,747,651	(6,957,066)	105.53%	14,183,345	-49.05%
2019	139,382,632	132,742,176	6,640,456	95.24%	13,668,537	48.58%
2020	141,939,525	127,228,877	14,710,648	89.64%	12,401,383	118.62%
2021	147,737,652	156,774,211	(9,036,559)	106.12%	11,642,228	-77.62%

Note: GASB 74 was implemented in fiscal year 2017. 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 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%

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 2020 (Based on the June 30, 2018 Valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Inflation	2.75%
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	9.0% trend for the first year, gradually decreasing to 3.0% in year 10
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 ⁽¹⁾
2017	5.73%
2018	5.52%
2019	5.09%
2020	0.71%
2021	29.40%

⁽¹⁾ 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, 2021

	Special Revenue Funds		
	Major Streets	Solid Waste	Community Development Block Grant
Assets			
Cash and investments	\$ 4,660,244	\$ 5,363,865	\$ -
Receivables, net	276,352	24,505	2,699,901
Due from other governmental units	864,635	31,587	510,761
Prepaid items	10,133	-	-
Inventories	142,639	-	-
Restricted assets, cash	-	-	-
Total assets	<u>\$ 5,954,003</u>	<u>\$ 5,419,957</u>	<u>\$ 3,210,662</u>
Liabilities			
Accounts payable	\$ 306,210	\$ 250,733	\$ 333,440
Accrued and other liabilities	45,514	36,822	13,054
Due to other funds	-	-	164,307
Unearned revenue	-	-	2,699,861
Total liabilities	<u>351,724</u>	<u>287,555</u>	<u>3,210,662</u>
Deferred inflows of resources			
Unavailable revenue	-	9,025	-
Fund balances			
Nonspendable:			
Inventories	142,639	-	-
Endowment	-	-	-
Restricted	5,459,640	5,123,377	-
Total fund balances	<u>5,602,279</u>	<u>5,123,377</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,954,003</u>	<u>\$ 5,419,957</u>	<u>\$ 3,210,662</u>

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Special Revenue Funds					
Publicity	Senior Citizens Program	Library Millage	Donations	Indigent Defense	Debt Service Fund
\$ 19,629	\$ 113,385	\$ 1,072,996	\$ 327,677	\$ 382,973	\$ 20,402
56	-	3,142	-	-	759
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 19,685</u>	<u>\$ 113,385</u>	<u>\$ 1,076,138</u>	<u>\$ 327,677</u>	<u>\$ 382,973</u>	<u>\$ 21,161</u>
\$ 331	\$ 6,049	\$ 32,124	\$ -	\$ 37,873	\$ -
836	17,112	60,477	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,167</u>	<u>23,161</u>	<u>92,601</u>	<u>-</u>	<u>37,873</u>	<u>-</u>
56	-	3,141	-	-	759
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,462</u>	<u>90,224</u>	<u>980,396</u>	<u>327,677</u>	<u>345,100</u>	<u>20,402</u>
<u>18,462</u>	<u>90,224</u>	<u>980,396</u>	<u>327,677</u>	<u>345,100</u>	<u>20,402</u>
<u>\$ 19,685</u>	<u>\$ 113,385</u>	<u>\$ 1,076,138</u>	<u>\$ 327,677</u>	<u>\$ 382,973</u>	<u>\$ 21,161</u>

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CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

	Capital Projects		
	Special Assessments	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ -	\$ 11,075	\$ 11,972,246
Receivables, net	843,351	-	3,848,066
Due from other governmental units	-	-	1,406,983
Prepaid items	-	-	10,133
Inventories	-	-	142,639
Restricted assets, cash	-	1,015	1,015
Total assets	<u>\$ 843,351</u>	<u>\$ 12,090</u>	<u>\$ 17,381,082</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 966,760
Accrued and other liabilities	-	-	173,815
Due to other funds	-	-	164,307
Unearned revenue	-	-	2,699,861
Total liabilities	<u>-</u>	<u>-</u>	<u>4,004,743</u>
Deferred inflows of resources			
Unavailable revenue	<u>799,152</u>	<u>-</u>	<u>812,133</u>
Fund balances			
Nonspendable:			
Inventories	-	-	142,639
Endowment	-	1,015	1,015
Restricted	<u>44,199</u>	<u>11,075</u>	<u>12,420,552</u>
Total fund balances	<u>44,199</u>	<u>12,090</u>	<u>12,564,206</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 843,351</u>	<u>\$ 12,090</u>	<u>\$ 17,381,082</u>

concluded.



CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds		
	Major Streets	Solid Waste	Community Development Block Grant
Revenues			
Taxes	\$ -	\$ 7,306,191	\$ -
Licenses and permits	233,924	-	-
Intergovernmental revenue	-	-	845,912
State grants	5,280,610	183,911	-
Charges for services	-	52	540,833
Fines and forfeitures	-	-	-
Interest and rentals	10,270	24,037	-
Contributions and donations	19,129	-	-
Other revenue	8,386	37,946	20,262
Total revenues	<u>5,552,319</u>	<u>7,552,137</u>	<u>1,407,007</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	4,241,905	7,445,250	-
Community and economic development	-	-	1,407,007
Recreation and culture	-	-	-
Debt service:			
Principal payments	94,395	115,667	-
Interest and paying agent fees	89,350	109,490	-
Total expenditures	<u>4,425,650</u>	<u>7,670,407</u>	<u>1,407,007</u>
Revenues over (under) expenditures	<u>1,126,669</u>	<u>(118,270)</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	121,584	-	-
Transfers out	-	(346,500)	-
Total other financing sources (uses)	<u>121,584</u>	<u>(346,500)</u>	<u>-</u>
Net change in fund balances	<u>1,248,253</u>	<u>(464,770)</u>	<u>-</u>
Fund balances, beginning of year	<u>4,354,026</u>	<u>5,588,147</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,602,279</u>	<u>\$ 5,123,377</u>	<u>\$ -</u>

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Special Revenue Funds					
Publicity	Senior Citizens Program	Library Millage	Donations	Indigent Defense	Debt Service Fund
\$ 44,861	\$ -	\$ 2,548,308	\$ -	\$ -	\$ 614,622
-	-	-	-	-	-
-	-	50,293	-	-	-
1,183	-	210,432	-	517,471	6,794
-	55,902	9,944	-	-	-
-	-	1,006	-	-	-
109	975	6,124	650	-	95
-	209,856	27,927	4,308	-	-
-	-	888	-	-	-
<u>46,153</u>	<u>266,733</u>	<u>2,854,922</u>	<u>4,958</u>	<u>517,471</u>	<u>621,511</u>
-	-	-	-	486,445	-
-	-	-	2,947	-	-
-	-	-	-	-	-
-	-	-	-	-	-
57,449	932,071	2,696,632	23,603	-	-
-	28,917	452,139	-	-	1,783,605
-	27,372	191,750	-	-	1,520,249
<u>57,449</u>	<u>988,360</u>	<u>3,340,521</u>	<u>26,550</u>	<u>486,445</u>	<u>3,303,854</u>
<u>(11,296)</u>	<u>(721,627)</u>	<u>(485,599)</u>	<u>(21,592)</u>	<u>31,026</u>	<u>(2,682,343)</u>
15,000	321,800	-	22,000	22,670	2,670,603
-	(3,000)	(13,100)	(20,254)	-	-
<u>15,000</u>	<u>318,800</u>	<u>(13,100)</u>	<u>1,746</u>	<u>22,670</u>	<u>2,670,603</u>
3,704	(402,827)	(498,699)	(19,846)	53,696	(11,740)
<u>14,758</u>	<u>493,051</u>	<u>1,479,095</u>	<u>347,523</u>	<u>291,404</u>	<u>32,142</u>
<u>\$ 18,462</u>	<u>\$ 90,224</u>	<u>\$ 980,396</u>	<u>\$ 327,677</u>	<u>\$ 345,100</u>	<u>\$ 20,402</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects		
	Special Assessments	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ -	\$ 10,513,982
Licenses and permits	-	-	233,924
Intergovernmental revenue	-	-	896,205
State grants	-	-	6,200,401
Charges for services	-	-	606,731
Fines and forfeitures	-	-	1,006
Interest and rentals	46,481	44	88,785
Contributions and donations	193,770	-	454,990
Other revenue	-	-	67,482
Total revenues	240,251	44	19,063,506
Expenditures			
Current:			
General government	-	-	486,445
Public safety	-	-	2,947
Public works	93	-	11,687,248
Community and economic development	-	-	1,407,007
Recreation and culture	-	6	3,709,761
Debt service:			
Principal payments	-	-	2,474,723
Interest and paying agent fees	-	-	1,938,211
Total expenditures	93	6	21,706,342
Revenues over (under) expenditures	240,158	38	(2,642,836)
Other financing sources (uses)			
Transfers in	-	-	3,173,657
Transfers out	(248,512)	-	(631,366)
Total other financing sources (uses)	(248,512)	-	2,542,291
Net change in fund balances	(8,354)	38	(100,545)
Fund balances, beginning of year	52,553	12,052	12,664,751
Fund balances, end of year	\$ 44,199	\$ 12,090	\$ 12,564,206

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 203,000	\$ 203,000	\$ 233,924	\$ 30,924
State grants	4,854,000	4,854,000	5,280,610	426,610
Interest and rentals	30,000	8,750	10,270	1,520
Contributions and donations	18,500	18,500	19,129	629
Other revenue	454,600	220,500	8,386	(212,114)
Total revenues	<u>5,560,100</u>	<u>5,304,750</u>	<u>5,552,319</u>	<u>247,569</u>
Expenditures				
Current -				
Public works	5,932,545	5,447,445	4,241,905	(1,205,540)
Debt service:				
Principal payments	94,700	94,700	94,395	(305)
Interest and paying agent fees	89,700	89,700	89,350	(350)
Total expenditures	<u>6,116,945</u>	<u>5,631,845</u>	<u>4,425,650</u>	<u>(1,206,195)</u>
Revenues over (under) expenditures	(556,845)	(327,095)	1,126,669	1,453,764
Other financing sources				
Transfers in	-	71,800	121,584	49,784
Net change in fund balance	(556,845)	(255,295)	1,248,253	1,503,548
Fund balance, beginning of year	<u>4,354,026</u>	<u>4,354,026</u>	<u>4,354,026</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,797,181</u>	<u>\$ 4,098,731</u>	<u>\$ 5,602,279</u>	<u>\$ 1,503,548</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,290,000	\$ 7,290,000	\$ 7,306,191	\$ 16,191
State grants	86,000	86,000	183,911	97,911
Charges for services	-	-	52	52
Interest and rentals	9,000	9,000	24,037	15,037
Other revenue	50,000	50,000	37,946	(12,054)
Total revenues	<u>7,435,000</u>	<u>7,435,000</u>	<u>7,552,137</u>	<u>117,137</u>
Expenditures				
Current -				
Public works	7,616,426	7,616,426	7,445,250	(171,176)
Debt service:				
Principal payments	116,500	116,500	115,667	(833)
Interest and paying agent fees	109,500	109,500	109,490	(10)
Total expenditures	<u>7,842,426</u>	<u>7,842,426</u>	<u>7,670,407</u>	<u>(172,019)</u>
Revenues under expenditures	(407,426)	(407,426)	(118,270)	289,156
Other financing uses				
Transfers out	(203,000)	(346,500)	(346,500)	-
Net change in fund balance	(610,426)	(753,926)	(464,770)	289,156
Fund balance, beginning of year	<u>5,588,147</u>	<u>5,588,147</u>	<u>5,588,147</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,977,721</u>	<u>\$ 4,834,221</u>	<u>\$ 5,123,377</u>	<u>\$ 289,156</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental revenue	\$ 1,194,030	\$ 2,153,550	\$ 845,912	\$ (1,307,638)
Charges for services	344,000	594,000	540,833	(53,167)
Other revenue	838,000	1,334,830	20,262	(1,314,568)
Total revenues	2,376,030	4,082,380	1,407,007	(2,675,373)
Expenditures				
Current -				
Community and economic development	2,376,052	4,082,402	1,407,007	(2,675,395)
Net change in fund balance	(22)	(22)	-	22
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (22)	\$ (22)	\$ -	\$ 22

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 48,000	\$ 48,000	\$ 44,861	\$ (3,139)
State grants	530	530	1,183	653
Interest and rentals	300	300	109	(191)
Total revenues	48,830	48,830	46,153	(2,677)
Expenditures				
Current -				
Recreation and culture	67,304	67,304	57,449	(9,855)
Revenues under expenditures	(18,474)	(18,474)	(11,296)	7,178
Other financing sources				
Transfers in	15,000	15,000	15,000	-
Net change in fund balance	(3,474)	(3,474)	3,704	7,178
Fund balance, beginning of year	14,758	14,758	14,758	-
Fund balance, end of year	<u>\$ 11,284</u>	<u>\$ 11,284</u>	<u>\$ 18,462</u>	<u>\$ 7,178</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 150,080	\$ 150,080	\$ -	\$ (150,080)
Charges for services	238,500	95,000	55,902	(39,098)
Interest and rentals	5,000	5,000	975	(4,025)
Contributions and donations	47,430	47,430	209,856	162,426
Total revenues	<u>441,010</u>	<u>297,510</u>	<u>266,733</u>	<u>(30,777)</u>
Expenditures				
Current -				
Recreation and culture	925,598	1,025,198	932,071	(93,127)
Debt service:				
Principal payments	29,200	29,200	28,917	(283)
Interest and paying agent fees	27,800	27,800	27,372	(428)
Total expenditures	<u>982,598</u>	<u>1,082,198</u>	<u>988,360</u>	<u>(93,838)</u>
Revenues under expenditures	<u>(541,588)</u>	<u>(784,688)</u>	<u>(721,627)</u>	<u>63,061</u>
Other financing sources (uses)				
Transfers in	303,700	321,800	321,800	-
Transfers out	(3,000)	(3,000)	(3,000)	-
Total other financing sources (uses)	<u>300,700</u>	<u>318,800</u>	<u>318,800</u>	<u>-</u>
Net change in fund balance	<u>(240,888)</u>	<u>(465,888)</u>	<u>(402,827)</u>	<u>63,061</u>
Fund balance, beginning of year	<u>493,051</u>	<u>493,051</u>	<u>493,051</u>	<u>-</u>
Fund balance, end of year	<u>\$ 252,163</u>	<u>\$ 27,163</u>	<u>\$ 90,224</u>	<u>\$ 63,061</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 2,542,000	\$ 2,542,000	\$ 2,548,308	\$ 6,308
Intergovernmental revenue	-	63,430	50,293	(13,137)
State grants	184,000	184,000	210,432	26,432
Charges for services	22,500	15,100	9,944	(5,156)
Fines and forfeitures	1,000	700	1,006	306
Interest and rentals	30,000	15,000	6,124	(8,876)
Contributions and donations	30,500	27,900	27,927	27
Other revenue	2,000	500	888	388
Total revenues	<u>2,812,000</u>	<u>2,848,630</u>	<u>2,854,922</u>	<u>6,292</u>
Expenditures				
Current -				
Recreation and culture	2,190,112	2,923,542	2,696,632	(226,910)
Debt service:				
Principal payments	452,500	452,500	452,139	(361)
Interest and paying agent fees	192,500	192,500	191,750	(750)
Total expenditures	<u>2,835,112</u>	<u>3,568,542</u>	<u>3,340,521</u>	<u>(228,021)</u>
Revenues under expenditures	(23,112)	(719,912)	(485,599)	234,313
Other financing uses				
Transfers out	-	13,100	(13,100)	(26,200)
Net change in fund balance	(23,112)	(706,812)	(498,699)	208,113
Fund balance, beginning of year	<u>1,479,095</u>	<u>1,479,095</u>	<u>1,479,095</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,455,983</u>	<u>\$ 772,283</u>	<u>\$ 980,396</u>	<u>\$ 208,113</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ 3,000	\$ 3,000	\$ 650	\$ (2,350)
Contributions and donations	30,100	31,100	4,308	(26,792)
Total revenues	<u>33,100</u>	<u>34,100</u>	<u>4,958</u>	<u>(29,142)</u>
Expenditures				
Current:				
Public safety	-	2,960	2,947	(13)
Recreation and culture	62,100	62,100	23,603	(38,497)
Total expenditures	<u>62,100</u>	<u>65,060</u>	<u>26,550</u>	<u>(38,510)</u>
Revenues under expenditures	<u>(29,000)</u>	<u>(30,960)</u>	<u>(21,592)</u>	<u>9,368</u>
Other financing sources (uses)				
Transfers in	22,000	22,000	22,000	-
Transfers out	(12,000)	(32,210)	(20,254)	(11,956)
Total other financing sources (uses)	<u>10,000</u>	<u>(10,210)</u>	<u>1,746</u>	<u>11,956</u>
Net change in fund balance	<u>(19,000)</u>	<u>(41,170)</u>	<u>(19,846)</u>	<u>21,324</u>
Fund balance, beginning of year	<u>347,523</u>	<u>347,523</u>	<u>347,523</u>	<u>-</u>
Fund balance, end of year	<u>\$ 328,523</u>	<u>\$ 306,353</u>	<u>\$ 327,677</u>	<u>\$ 21,324</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 650,000	\$ 650,000	\$ 517,471	\$ (132,529)
Other revenue	28,000	28,000	-	(28,000)
Total revenues	678,000	678,000	517,471	(160,529)
Expenditures				
Current -				
General government	701,240	701,240	486,445	(214,795)
Revenues over (under) expenditures	(23,240)	(23,240)	31,026	54,266
Other financing sources				
Transfers in	23,240	23,240	22,670	(570)
Net change in fund balance	-	-	53,696	53,696
Fund balance, beginning of year	291,404	291,404	291,404	-
Fund balance, end of year	<u>\$ 291,404</u>	<u>\$ 291,404</u>	<u>\$ 345,100</u>	<u>\$ 53,696</u>



CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2021

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 713	\$ 181,077	\$ 62,125	\$ 423,142	\$ 667,057
Receivables, net	-	167,368	10,000	10,447	187,815
Total current assets	713	348,445	72,125	433,589	854,872
Noncurrent assets:					
Capital assets not being depreciated	-	-	-	195,312	195,312
Capital assets being depreciated, net	-	2,801,177	1,531,080	957,307	5,289,564
Net other postemployment benefit asset	-	40,556	-	-	40,556
Total noncurrent assets	-	2,841,733	1,531,080	1,152,619	5,525,432
Total assets	713	3,190,178	1,603,205	1,586,208	6,380,304
Deferred outflows of resources					
Deferred pension amounts	-	2,327	-	-	2,327
Deferred other postemployment benefits amounts	-	5,061	-	-	5,061
Total deferred outflows of resources	-	7,388	-	-	7,388
Liabilities					
Current liabilities:					
Accounts payable	-	4,381	58,074	26,709	89,164
Accrued and other liabilities	-	22,427	3,354	-	25,781
Unearned revenue	-	-	-	15,950	15,950
Bonds payable, due within one year	-	49,451	9,890	-	59,341
Compensated absences, current	-	10,093	712	193	10,998
Total current liabilities	-	86,352	72,030	42,852	201,234
Noncurrent liabilities:					
Bonds payable	-	1,089,168	217,834	-	1,307,002
Accrued compensated absences	-	10,168	717	195	11,080
Net pension liability	-	56,144	-	-	56,144
Total noncurrent liabilities	-	1,155,480	218,551	195	1,374,226
Total liabilities	-	1,241,832	290,581	43,047	1,575,460
Deferred inflows of resources					
Deferred pension amounts	-	16,624	-	-	16,624
Deferred other postemployment benefits amounts	-	68,003	-	-	68,003
Total deferred inflows of resources	-	84,627	-	-	84,627
Net position					
Investment in capital assets	-	2,801,177	1,531,080	1,152,619	5,484,876
Unrestricted (deficit)	713	(930,070)	(218,456)	390,542	(757,271)
Total net position	\$ 713	\$ 1,871,107	\$ 1,312,624	\$ 1,543,161	\$ 4,727,605

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, 2021

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	\$ 185	\$ 237,321	\$ 808,912	\$ 285,390	\$ 1,331,808
Other	-	-	12,839	4,230	17,069
Total operating revenues	<u>185</u>	<u>237,321</u>	<u>821,751</u>	<u>289,620</u>	<u>1,348,877</u>
Operating expenses					
Salaries and benefits	835	162,672	11,309	2,341	177,157
Supplies	-	13,853	30,966	13,867	58,686
Other services and charges	1,211	88,558	1,640,932	409,162	2,139,863
Depreciation	-	87,765	104,832	68,852	261,449
Total operating expenses	<u>2,046</u>	<u>352,848</u>	<u>1,788,039</u>	<u>494,222</u>	<u>2,637,155</u>
Operating loss	<u>(1,861)</u>	<u>(115,527)</u>	<u>(966,288)</u>	<u>(204,602)</u>	<u>(1,288,278)</u>
Nonoperating revenues (expenses)					
Interest income	5	568	644	957	2,174
Interest expense	-	(45,347)	(9,070)	-	(54,417)
Total nonoperating revenues (expenses)	<u>5</u>	<u>(44,779)</u>	<u>(8,426)</u>	<u>957</u>	<u>(52,243)</u>
Income before transfers	<u>(1,856)</u>	<u>(160,306)</u>	<u>(974,714)</u>	<u>(203,645)</u>	<u>(1,340,521)</u>
Transfers					
Transfers in	-	-	25,000	-	25,000
Transfers out	-	-	(3,000)	-	(3,000)
Net transfers	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Change in net position	<u>(1,856)</u>	<u>(160,306)</u>	<u>(952,714)</u>	<u>(203,645)</u>	<u>(1,318,521)</u>
Net position, beginning of year	<u>2,569</u>	<u>2,031,413</u>	<u>2,265,338</u>	<u>1,746,806</u>	<u>6,046,126</u>
Net position, end of year	<u>\$ 713</u>	<u>\$ 1,871,107</u>	<u>\$ 1,312,624</u>	<u>\$ 1,543,161</u>	<u>\$ 4,727,605</u>

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2021

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers	\$ 185	\$ 187,434	\$ 751,942	\$ 299,018	\$ 1,238,579
Other operating receipts	-	-	12,839	4,230	17,069
Payments to vendors	(1,211)	(101,327)	(1,657,019)	(402,508)	(2,162,065)
Payments to employees	(835)	(138,233)	(10,795)	(4,939)	(154,802)
Net cash used in operating activities	<u>(1,861)</u>	<u>(52,126)</u>	<u>(903,033)</u>	<u>(104,199)</u>	<u>(1,061,219)</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	25,000	-	25,000
Transfers to other funds	-	-	(3,000)	-	(3,000)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Cash flows from capital and related financing activities					
Principal paid on long-term debt	-	(48,195)	(9,639)	-	(57,834)
Interest paid on long-term debt	-	(45,347)	(9,070)	-	(54,417)
Net cash used in noncapital financing activities	<u>-</u>	<u>(93,542)</u>	<u>(18,709)</u>	<u>-</u>	<u>(112,251)</u>
Cash flows from investing activities					
Interest received on investments	5	568	644	957	2,174
Net change in cash and investments	<u>(1,856)</u>	<u>(145,100)</u>	<u>(899,098)</u>	<u>(103,242)</u>	<u>(1,149,296)</u>
Cash and investments balances, beginning of year	<u>2,569</u>	<u>326,177</u>	<u>961,223</u>	<u>526,384</u>	<u>1,816,353</u>
Cash and investments balances, end of year	<u>\$ 713</u>	<u>\$ 181,077</u>	<u>\$ 62,125</u>	<u>\$ 423,142</u>	<u>\$ 667,057</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2021

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Reconciliation of operating loss to net cash used in operating activities					
Operating loss	\$ (1,861)	\$ (115,527)	\$ (966,288)	\$ (204,602)	\$ (1,288,278)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	-	87,765	104,832	68,852	261,449
Changes in assets and liabilities:					
Receivables, net	-	(49,887)	(5,833)	8,328	(47,392)
Deferred outflows related to the net pension liability	-	7,389	-	475	7,864
Deferred outflows related to the net other postemployment benefit liability	-	37,190	-	-	37,190
Accounts payable	-	1,084	14,879	20,521	36,484
Accrued and other liabilities	-	3,815	11	(165)	3,661
Unearned revenue	-	-	(51,137)	5,300	(45,837)
Accrued compensated absences	-	3,076	503	314	3,893
Net pension liability	-	(9,615)	-	(3,222)	(12,837)
Net other postemployment benefits asset	-	(100,858)	-	-	(100,858)
Deferred inflows related to the net pension liability	-	16,624	-	-	16,624
Deferred inflows related to the net other postemployment benefit asset	-	66,818	-	-	66,818
Net cash used in operating activities	<u>\$ (1,861)</u>	<u>\$ (52,126)</u>	<u>\$ (903,033)</u>	<u>\$ (104,199)</u>	<u>\$ (1,061,219)</u>

concluded.

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2021

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Assets						
Current assets:						
Cash and investments	\$ 3,814,704	\$ 11,432,278	\$ 1,763,721	\$ 6,455,244	\$ 1,418,146	\$ 24,884,093
Receivables, net	-	13,743	-	-	-	13,743
Prepaid items	-	-	-	780,434	422,815	1,203,249
Inventories	-	155,631	-	-	-	155,631
Total current assets	3,814,704	11,601,652	1,763,721	7,235,678	1,840,961	26,256,716
Noncurrent assets:						
Capital assets not being depreciated	-	319,065	-	-	-	319,065
Capital assets being depreciated, net	256,795	7,090,526	-	-	-	7,347,321
Net other postemployment benefit asset	118,739	139,012	-	-	-	257,751
Total noncurrent assets	375,534	7,548,603	-	-	-	7,924,137
Total assets	4,190,238	19,150,255	1,763,721	7,235,678	1,840,961	34,180,853
Deferred outflows of resources						
Deferred charge on refunding	-	31,753	-	-	-	31,753
Deferred pension amounts	6,682	7,817	-	-	-	14,499
Deferred other postemployment benefits amounts	14,818	17,348	-	-	-	32,166
Total deferred outflows of resources	21,500	56,918	-	-	-	78,418
Liabilities						
Current liabilities:						
Accounts payable	13,729	69,273	23,113	12,394	-	118,509
Accrued and other liabilities	42,297	111,161	-	300,000	-	453,458
Bonds payable, due within one year	39,560	307,853	-	-	-	347,413
Other long-term liabilities, current	-	-	80,802	-	520,990	601,792
Compensated absences, current	45,977	29,985	-	-	-	75,962
Total current liabilities	141,563	518,272	103,915	312,394	520,990	1,597,134
Noncurrent liabilities:						
Bonds payable	871,334	6,196,332	-	-	-	7,067,666
Other long-term liabilities	-	-	80,802	-	520,990	601,792
Accrued compensated absences	45,098	29,241	-	-	-	74,339
Net pension liability	161,273	188,668	-	-	-	349,941
Total noncurrent liabilities	1,077,705	6,414,241	80,802	-	520,990	8,093,738
Total liabilities	1,219,268	6,932,513	184,717	312,394	1,041,980	9,690,872
Deferred inflows of resources						
Deferred pension amounts	47,752	55,863	-	-	-	103,615
Deferred other postemployment benefits amounts	199,097	233,091	-	-	-	432,188
Total deferred inflows of resources	246,849	288,954	-	-	-	535,803
Net position						
Net investment in capital assets	256,795	7,085,699	-	-	-	7,342,494
Unrestricted	2,488,826	4,900,007	1,579,004	6,923,284	798,981	16,690,102
Total net position	\$ 2,745,621	\$ 11,985,706	\$ 1,579,004	\$ 6,923,284	\$ 798,981	\$ 24,032,596

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, 2021

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Operating revenues						
Charges for services	\$ 1,720,130	\$ 4,565,307	\$ 377,502	\$ 10,729,705	\$ 1,892,561	\$ 19,285,205
Other revenue	16,429	97,419	417,347	13,219	2,794	547,208
Total operating revenues	<u>1,736,559</u>	<u>4,662,726</u>	<u>794,849</u>	<u>10,742,924</u>	<u>1,895,355</u>	<u>19,832,413</u>
Operating expenses						
Salaries and benefits	644,700	1,001,353	310,718	10,082,519	-	12,039,290
Supplies	76,946	657,254	-	-	-	734,200
Other services and charges	772,359	603,997	205,574	2,883	1,833,893	3,418,706
Depreciation	72,918	1,285,363	-	-	-	1,358,281
Total operating expenses	<u>1,566,923</u>	<u>3,547,967</u>	<u>516,292</u>	<u>10,085,402</u>	<u>1,833,893</u>	<u>17,550,477</u>
Operating income	<u>169,636</u>	<u>1,114,759</u>	<u>278,557</u>	<u>657,522</u>	<u>61,462</u>	<u>2,281,936</u>
Nonoperating revenues (expenses)						
Interest expense	(36,278)	(257,682)	-	-	-	(293,960)
Gain on sale of capital assets	-	162,193	-	-	-	162,193
Total nonoperating revenue (expenses)	<u>(36,278)</u>	<u>(95,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,767)</u>
Income before transfers	133,358	1,019,270	278,557	657,522	61,462	2,150,169
Transfers in	<u>-</u>	<u>437,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,545</u>
Change in net position	133,358	1,456,815	278,557	657,522	61,462	2,587,714
Net position, beginning of year	<u>2,612,263</u>	<u>10,528,891</u>	<u>1,300,447</u>	<u>6,265,762</u>	<u>737,519</u>	<u>21,444,882</u>
Net position, end of year	<u>\$ 2,745,621</u>	<u>\$ 11,985,706</u>	<u>\$ 1,579,004</u>	<u>\$ 6,923,284</u>	<u>\$ 798,981</u>	<u>\$ 24,032,596</u>

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	\$ 1,720,130	\$ 4,565,307	\$ 377,502	\$ 10,729,705	\$ 1,892,561	\$ 19,285,205
Other operating receipts	16,429	97,419	417,347	13,219	2,794	547,208
Payments to vendors	(855,522)	(2,017,829)	(182,461)	893,790	(2,032,771)	(4,194,793)
Payments to employees	(582,458)	(1,018,547)	(723,712)	(10,082,787)	-	(12,407,504)
Net cash provided by (used in) operating activities	<u>298,579</u>	<u>1,626,350</u>	<u>(111,324)</u>	<u>1,553,927</u>	<u>(137,416)</u>	<u>3,230,116</u>
Cash flows from noncapital financing activities						
Transfers in	-	437,545	-	-	-	437,545
Cash flows from capital and related financing activities						
Purchase of capital assets	-	(2,016,005)	-	-	-	(2,016,005)
Principal paid on long-term debt	(38,557)	(295,671)	-	-	-	(334,228)
Interest paid on long-term debt	(36,278)	(255,288)	-	-	-	(291,566)
Proceeds from sale of capital assets	-	219,233	-	-	-	219,233
Net cash used in capital and related financing activities	<u>(74,835)</u>	<u>(2,347,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,422,566)</u>
Net change in cash and investments	<u>223,744</u>	<u>(283,836)</u>	<u>(111,324)</u>	<u>1,553,927</u>	<u>(137,416)</u>	<u>1,245,095</u>
Cash and investments balances, beginning of year	<u>3,590,960</u>	<u>11,716,114</u>	<u>1,875,045</u>	<u>4,901,317</u>	<u>1,555,562</u>	<u>23,638,998</u>
Cash and investments balances, end of year	<u>\$ 3,814,704</u>	<u>\$ 11,432,278</u>	<u>\$ 1,763,721</u>	<u>\$ 6,455,244</u>	<u>\$ 1,418,146</u>	<u>\$ 24,884,093</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	\$ 169,636	\$ 1,114,759	\$ 278,557	\$ 657,522	\$ 61,462	\$ 2,281,936
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	72,918	1,285,363	-	-	-	1,358,281
Changes in assets and liabilities:						
Receivables, net	-	(8,856)	-	-	-	(8,856)
Prepaid items	-	-	-	917,747	(21,408)	896,339
Inventories	-	(8,992)	-	-	-	(8,992)
Deferred outflows related to the net pension liability	21,595	28,767	-	-	-	50,362
Deferred outflows related to the net other postemployment benefit asset	108,903	140,625	-	-	-	249,528
Accounts payable	(6,217)	(738,730)	23,113	(21,074)	-	(742,908)
Accrued and other liabilities	1,842	(41,498)	-	(268)	-	(39,924)
Other long-term liabilities	-	-	(412,994)	-	(177,470)	(590,464)
Accrued compensated absences	11,948	(6,189)	-	-	-	5,759
Net pension liability	(30,106)	(58,945)	-	-	-	(89,051)
Net other postemployment benefits asset	(295,319)	(364,478)	-	-	-	(659,797)
Deferred inflows related to the net pension liability	47,752	55,863	-	-	-	103,615
Deferred inflows related to the net other postemployment benefit asset	195,627	228,661	-	-	-	424,288
Net cash provided by (used in) operating activities	<u>\$ 298,579</u>	<u>\$ 1,626,350</u>	<u>\$ (111,324)</u>	<u>\$ 1,553,927</u>	<u>\$ (137,416)</u>	<u>\$ 3,230,116</u>

concluded.

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2021

	General Custodial	Tax Collection	44th District Court	Total
Assets				
Cash and investments	\$ 114,701	\$ 65,742	\$ 208,885	\$ 389,328
Liabilities				
Undistributed receipts	607	65,742	86,540	152,889
Due to City of Berkley	-	-	10,602	10,602
Due to other governmental units	290	-	-	290
Bonds and deposits	-	-	111,743	111,743
Total liabilities	897	65,742	208,885	275,524
Net position				
Restricted for individuals, organizations and other governments	\$ 113,804	\$ -	\$ -	\$ 113,804

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2021

	General Custodial	Tax Collection	44th District Court	Total
Additions				
Taxes collected for other governments	\$ -	\$ 81,450,494	\$ -	\$ 81,450,494
Other additions	226,346	-	1,143,872	1,370,218
Total additions	226,346	81,450,494	1,143,872	82,820,712
Deductions				
Payments of taxes to other governments	-	81,450,494	-	81,450,494
Other deductions	176,683	-	1,143,872	1,320,555
Total deductions	176,683	81,450,494	1,143,872	82,771,049
Total change in net position	49,663	-	-	49,663
Net position, beginning of year, as restated	64,141	-	-	64,141
Net position, end of year	\$ 113,804	\$ -	\$ -	\$ 113,804

CITY OF ROYAL OAK, MICHIGAN

Balance Sheets

Component Units

June 30, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Assets				
Cash and investments	\$ 3,673,338	\$ 126,069	\$ 502,995	\$ 4,302,402
Receivables, net	31,099	-	3,735	34,834
Prepaid items	50,000	-	-	50,000
Total assets	<u>\$ 3,754,437</u>	<u>\$ 126,069</u>	<u>\$ 506,730</u>	<u>\$ 4,387,236</u>
Liabilities				
Accounts payable	\$ 98,174	\$ 403	\$ 11,713	\$ 110,290
Accrued and other liabilities	22,551	3,649	-	26,200
Total liabilities	<u>120,725</u>	<u>4,052</u>	<u>11,713</u>	<u>136,490</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	31,099	-	3,735	34,834
Fund balances				
Nonspendable	50,000	-	-	50,000
Unassigned	3,552,613	122,017	491,282	4,165,912
Total fund balances	<u>3,602,613</u>	<u>122,017</u>	<u>491,282</u>	<u>4,215,912</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,754,437</u>	<u>\$ 126,069</u>	<u>\$ 506,730</u>	<u>\$ 4,387,236</u>

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
Component Units
June 30, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Fund balances for component units	\$ 3,602,613	\$ 122,017	\$ 491,282	\$ 4,215,912
Amounts reported for <i>component units</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.				
Capital assets, net of accumulated depreciation	1,343,601	-	-	1,343,601
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	31,099	-	3,735	34,834
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	(2,164)	(8,339)	-	(10,503)
Certain pension-related amounts, such as the net pension liability 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	(45,015)	(27,357)	-	(72,372)
Deferred outflows related to the net pension liability				
pension liability	1,865	1,134	-	2,999
Deferred inflows related to the net pension liability				
pension liability	(13,329)	(8,100)	-	(21,429)
Net other postemployment benefit asset	34,226	20,669	-	54,895
Deferred outflows related to the net other postemployment benefit asset	4,271	2,579	-	6,850
Deferred inflows related to the net other postemployment benefit asset	(57,388)	(34,657)	-	(92,045)
Net position for component units	<u>\$ 4,899,779</u>	<u>\$ 67,946</u>	<u>\$ 495,017</u>	<u>\$ 5,462,742</u>

CITY OF ROYAL OAK, MICHIGAN

Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units

For the Year Ended June 30, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Revenues				
Taxes	\$ 4,988,289	\$ 50,577	\$ 665,196	\$ 5,704,062
Interest and rentals	14,382	375	1,919	16,676
Contributions and donations	35,480	-	-	35,480
Total revenues	5,038,151	50,952	667,115	5,756,218
Expenditures				
Current -				
Community and economic development	8,207,960	49,830	553,576	8,811,366
Change in fund balances	(3,169,809)	1,122	113,539	(3,055,148)
Fund balances, beginning of year	6,772,422	120,895	377,743	7,271,060
Fund balances, end of year	<u>\$ 3,602,613</u>	<u>\$ 122,017</u>	<u>\$ 491,282</u>	<u>\$ 4,215,912</u>

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, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Net change in fund balances - component units	\$ (3,169,809)	\$ 1,122	\$ 113,539	\$ (3,055,148)
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	(82,654)	-	-	(82,654)
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.				
	(9,982)	(20)	3,735	(6,267)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Change in compensated absences	5,409	433	-	5,842
Change in the net pension liability and related deferred amounts	(12,997)	(8,112)	-	(21,109)
Change in other postemployment benefit liability/asset and related deferred amounts	(3,598)	(2,642)	-	(6,240)
Change in net position of component units	<u>\$ (3,273,631)</u>	<u>\$ (9,219)</u>	<u>\$ 117,274</u>	<u>\$ (3,165,576)</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 4,707,000	\$ 4,707,000	\$ 4,988,289	\$ 281,289
Interest and rentals	70,000	70,000	14,382	(55,618)
Contributions and donations	100,000	34,430	35,480	1,050
Total revenues	4,877,000	4,811,430	5,038,151	226,721
Expenditures				
Community and economic development	11,124,403	11,156,663	8,207,960	(2,948,703)
Net change in fund balance	(6,247,403)	(6,345,233)	(3,169,809)	3,175,424
Fund balance, beginning of year	6,772,422	6,772,422	6,772,422	-
Fund balance, end of year	<u>\$ 525,019</u>	<u>\$ 427,189</u>	<u>\$ 3,602,613</u>	<u>\$ 3,175,424</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 51,000	\$ 51,000	\$ 50,577	\$ (423)
Interest and rentals	1,000	1,000	375	(625)
Total revenues	52,000	52,000	50,952	(1,048)
Expenditures				
Community and economic development	77,886	77,886	49,830	(28,056)
Net change in fund balance	(25,886)	(25,886)	1,122	27,008
Fund balance, beginning of year	120,895	120,895	120,895	-
Fund balance, end of year	<u>\$ 95,009</u>	<u>\$ 95,009</u>	<u>\$ 122,017</u>	<u>\$ 27,008</u>

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 242,200	\$ 658,700	\$ 665,196	\$ 6,496
Interest and rentals	7,000	7,000	1,919	(5,081)
Total revenues	249,200	665,700	667,115	1,415
Expenditures				
Community and economic development	249,200	665,700	553,576	(112,124)
Net change in fund balance	-	-	113,539	113,539
Fund balance, beginning of year	377,743	377,743	377,743	-
Fund balance, end of year	<u>\$ 377,743</u>	<u>\$ 377,743</u>	<u>\$ 491,282</u>	<u>\$ 113,539</u>

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
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150
Revenue Capacity	These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	160
Debt Capacity	These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	166
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	176
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	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			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 122,759,313	\$ 124,348,655	\$ 126,120,881	\$ 132,341,007
Restricted	15,573,852	21,020,880	17,742,703	22,551,701
Unrestricted (deficit)	(741,153)	(904,202)	5,117,615	(51,921,632)
Total governmental activities net position	<u>137,592,012</u>	<u>144,465,333</u>	<u>148,981,199</u>	<u>102,971,076</u>
Business-type activities:				
Net investment in capital assets	68,690,716	71,310,977	74,792,125	78,110,713
Restricted	-	-	-	-
Unrestricted	16,926,698	18,986,638	19,884,780	13,660,160
Total business-type activities net position	<u>85,617,414</u>	<u>90,297,615</u>	<u>94,676,905</u>	<u>91,770,873</u>
Primary government:				
Net investment in capital assets	191,450,029	195,659,632	200,913,006	210,451,720
Restricted	15,573,852	21,020,880	17,742,703	22,551,701
Unrestricted (deficit)	16,185,545	18,082,436	25,002,395	(38,261,472)
Total primary government net position	<u>\$ 223,209,426</u>	<u>\$ 234,762,948</u>	<u>\$ 243,658,104</u>	<u>\$ 194,741,949</u>

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.

Fiscal Year Ended June 30					
2016	2017	2018	2019	2020	2021
\$ 147,194,839	\$ 162,548,501	\$ 164,150,728	\$ 172,140,496	\$ 183,352,675	\$ 201,877,607
22,766,807	22,841,819	42,728,743	43,889,577	45,330,003	38,406,593
(53,192,731)	(123,384,259)	(134,860,007)	(140,275,546)	(157,217,394)	(153,609,925)
<u>116,768,915</u>	<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>
85,228,498	86,510,191	95,264,335	99,639,992	104,316,911	109,245,957
-	-	858,762	-	-	-
12,647,786	13,468,325	8,206,149	7,334,227	3,795,149	1,360,873
<u>97,876,284</u>	<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>
232,423,337	249,058,692	259,415,063	271,780,488	287,669,586	311,123,564
22,766,807	22,841,819	43,587,505	43,889,577	45,330,003	38,406,593
(40,544,945)	(109,915,934)	(126,653,858)	(132,941,319)	(153,422,245)	(152,249,052)
<u>\$ 214,645,199</u>	<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>

CITY OF ROYAL OAK, MICHIGAN

Financial Trends

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 9,235,905	\$ 8,685,580	\$ 8,823,978	\$ 9,017,535
Public safety	26,655,378	27,661,032	29,807,897	29,965,336
Public works	11,501,518	11,471,347	11,870,834	13,295,707
Health and welfare	1,228,451	1,206,154	1,235,631	834,244
Community and economic development	1,914,032	1,384,747	1,381,937	1,444,432
Recreation and culture	3,497,548	3,465,650	3,612,171	3,762,240
Interest on long-term debt	616,539	536,155	445,709	431,845
Total governmental activities expenses	<u>54,649,371</u>	<u>54,410,665</u>	<u>57,178,157</u>	<u>58,751,339</u>
Business-type activities:				
Water and sewer	22,473,658	22,905,058	22,560,736	23,658,591
Parking	3,081,880	3,117,172	2,968,028	2,857,366
Recreation	2,159,028	2,229,831	2,195,258	2,229,514
Farmers market	380,262	383,635	426,141	471,484
Total business-type activities expenses	<u>28,094,828</u>	<u>28,635,696</u>	<u>28,150,163</u>	<u>29,216,955</u>
Total primary government expenses	<u>82,744,199</u>	<u>83,046,361</u>	<u>85,328,320</u>	<u>87,968,294</u>
Program Revenues				
Governmental activities:				
General government	5,045,872	5,607,879	5,723,862	5,862,692
Public safety	2,753,964	3,534,643	4,151,795	4,563,491
Public works	490,576	1,176,769	942,340	1,802,601
Health and welfare	955,698	1,054,639	1,053,817	891,010
Community and economic development	381,889	427,787	516,728	380,257
Recreation and culture	2,155,539	1,921,743	2,001,488	2,031,676
Charges for services	11,783,538	13,723,460	14,390,030	15,531,727
Operating grants and contributions	4,673,144	4,596,773	4,852,240	4,232,338
Capital grants and contributions	277,644	81,630	299,977	162,263
Total governmental activities program revenues	<u>16,734,326</u>	<u>18,401,863</u>	<u>19,542,247</u>	<u>19,926,328</u>
Business-type activities:				
Water and sewer	27,426,573	26,532,412	25,349,015	25,772,888
Parking	3,444,725	3,348,553	3,492,617	3,806,662
Recreation	2,053,167	2,326,020	2,189,652	2,275,535
Farmers market	372,646	393,081	477,974	495,244
Charges for services	33,297,111	32,600,066	31,509,258	32,350,329
Operating grants and contributions	501,299	747,570	634,047	635,612
Capital grants and contributions	-	150,919	-	-
Total business-type activities program revenues	<u>33,798,410</u>	<u>33,498,555</u>	<u>32,143,305</u>	<u>32,985,941</u>
Total primary government program revenues	<u>83,829,847</u>	<u>84,500,484</u>	<u>83,194,810</u>	<u>85,262,598</u>
Net (Expense)/Revenue				
Governmental activities	(37,915,045)	(36,008,802)	(37,635,910)	(38,825,011)
Business-type activities	5,703,582	4,862,859	3,993,142	3,768,986
Total primary government net expense	<u>(32,211,463)</u>	<u>(31,145,943)</u>	<u>(33,642,768)</u>	<u>(35,056,025)</u>

Schedule 2
UNAUDITED

Fiscal Year Ended June 30					
2016	2017	2018	2019	2020	2021
\$ 10,233,170	\$ 10,372,611	\$ 14,363,323	\$ 11,074,646	\$ 11,382,087	\$ 9,635,182
33,545,346	34,856,261	29,394,734	40,636,081	45,580,867	26,476,884
11,803,571	12,216,069	15,108,477	14,389,451	15,575,908	24,982,054
741,945	644,426	727,841	764,584	962,860	865,423
1,442,994	2,371,971	1,263,096	2,789,079	2,507,284	2,045,845
4,056,345	3,953,833	4,006,934	5,204,465	4,780,355	1,956,003
385,521	1,994,475	4,836,981	5,497,483	5,340,663	5,169,439
62,208,892	62,208,892	69,701,386	80,355,789	86,130,024	71,130,830
24,989,668	25,141,329	28,174,579	27,746,374	27,084,061	26,979,449
3,130,520	2,223,353	3,269,367	4,466,562	5,298,493	5,077,742
2,146,622	1,927,746	2,764,962	2,258,175	2,066,368	2,182,520
516,110	531,140	574,689	581,748	556,567	492,500
30,782,920	30,782,920	34,783,597	35,052,859	35,005,489	34,732,211
92,991,812	92,991,812	104,484,983	115,408,648	121,135,513	105,863,041
7,009,130	7,179,495	7,399,361	7,604,110	6,128,105	5,269,272
5,474,015	3,875,975	5,139,458	4,746,692	3,735,171	3,519,016
2,395,568	1,733,456	1,074,690	1,063,932	1,037,646	813,470
1,108,659	1,059,388	1,145,601	1,067,356	1,092,802	1,045,438
478,678	396,907	326,964	471,646	456,433	540,833
2,122,582	2,236,406	2,041,403	1,988,743	1,782,524	1,520,595
18,588,632	16,481,627	17,127,477	16,942,479	14,232,681	12,708,624
5,531,956	5,128,426	4,997,631	6,650,018	5,739,450	8,264,003
148,372	1,917,700	1,460,071	1,372,826	306,117	1,655,703
24,268,960	23,527,753	23,585,179	24,965,323	20,278,248	22,628,330
30,672,689	31,716,708	31,237,079	26,718,253	26,770,023	28,948,071
3,921,394	3,926,728	4,007,092	4,679,363	3,890,923	2,428,675
2,373,123	2,558,056	2,345,541	2,264,394	1,645,926	1,059,257
482,662	488,660	573,426	479,400	324,484	289,620
37,449,868	38,690,152	38,163,138	34,141,410	32,631,356	32,725,623
440,016	354,180	968,812	1,022,784	790,924	1,507,746
-	-	-	-	-	75,953
37,889,884	39,044,332	39,131,950	35,164,194	33,422,280	34,309,322
99,608,712	101,262,237	100,880,267	94,270,927	86,331,884	89,663,275
(37,939,932)	(42,881,893)	(46,116,207)	(55,390,466)	(65,851,776)	(48,502,500)
7,106,964	9,220,764	4,348,353	111,335	(1,583,209)	(422,889)
(30,832,968)	(33,661,129)	(41,767,854)	(55,279,131)	(67,434,985)	(48,925,389)

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			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 25,576,233	\$ 34,016,290	\$ 32,605,336	\$ 39,990,264
State-shared revenues	8,392,881	8,542,746	9,043,725	8,953,377
Unrestricted investment earnings	254,940	153,669	184,685	72,513
Gain on sale of capital assets	28,303	-	14,246	31,381
Miscellaneous	478,914	287,116	663,855	316,812
Transfers	1,568,859	(117,698)	(360,071)	2,380,968
Total governmental activities	<u>36,300,130</u>	<u>42,882,123</u>	<u>42,151,776</u>	<u>51,745,315</u>
Business-type activities:				
Property taxes	-	-	-	-
State-shared revenues	-	-	-	-
Unrestricted investment earnings	159,675	-	-	-
Gain on sale of capital assets	-	-	26,077	272
Miscellaneous	56,443	-	-	-
Transfers	(1,568,859)	117,698	360,071	(2,380,968)
Total business-type activities	<u>(1,352,741)</u>	<u>117,698</u>	<u>386,148</u>	<u>(2,380,696)</u>
Total primary government	<u>34,947,389</u>	<u>42,999,821</u>	<u>42,537,924</u>	<u>49,364,619</u>
Change in Net Position				
Governmental activities	(1,614,915)	6,873,321	4,515,866	12,920,304
Business-type activities	4,350,841	4,980,557	4,379,290	1,388,290
Total primary government	<u>\$ 2,735,926</u>	<u>\$ 11,853,878</u>	<u>\$ 8,895,156</u>	<u>\$ 14,308,594</u>

Schedule 2
UNAUDITED

Fiscal Year Ended June 30					
2016	2017	2018	2019	2020	2021
\$ 40,810,616	\$ 43,475,312	\$ 44,105,070	\$ 44,701,037	\$ 46,697,585	\$ 48,844,891
9,411,377	10,037,969	11,156,084	12,873,364	13,379,442	14,693,549
119,498	245,423	737,720	808,200	819,107	51,940
57,705	97,786	65,928	53,639	75,848	162,193
337,022	682,341	67,185	373,621	348,684	67,030
1,001,553	(1,155,651)	(2,377)	315,668	241,867	(108,112)
<u>51,737,771</u>	<u>53,383,180</u>	<u>56,129,610</u>	<u>59,125,529</u>	<u>61,562,533</u>	<u>63,711,491</u>
-	-	-	2,849,306	2,889,836	2,809,547
-	-	-	-	73,081	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,001,553)	1,155,651	2,377	(315,668)	(241,867)	108,112
<u>(1,001,553)</u>	<u>1,155,651</u>	<u>2,377</u>	<u>2,533,638</u>	<u>2,721,050</u>	<u>2,917,659</u>
<u>50,736,218</u>	<u>54,538,831</u>	<u>56,131,987</u>	<u>64,192,805</u>	<u>67,004,633</u>	<u>69,546,809</u>
13,797,839	10,501,287	10,013,403	3,735,063	(4,289,243)	15,208,991
6,105,411	10,376,415	4,350,730	2,644,973	1,137,841	2,494,770
<u>\$ 19,903,250</u>	<u>\$ 20,877,702</u>	<u>\$ 14,364,133</u>	<u>\$ 6,380,036</u>	<u>\$ (3,151,402)</u>	<u>\$ 17,703,761</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			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ -	\$ 37,402	\$ -	\$ 10,974
Restricted	445,542	529,726	644,917	768,682
Assigned	3,075,000	2,950,000	2,855,000	3,092,000
Unassigned	4,374,352	7,391,788	11,149,199	13,085,091
Total general fund	<u>7,894,894</u>	<u>10,908,916</u>	<u>14,649,116</u>	<u>16,956,747</u>
All other governmental funds				
Nonspendable	156,209	179,085	147,066	172,509
Restricted	14,311,485	14,758,634	16,950,720	21,610,510
Assigned	-	2,277,340	3,101,828	2,317,454
Total all other governmental funds	<u>14,467,694</u>	<u>17,215,059</u>	<u>20,199,614</u>	<u>24,100,473</u>
Total governmental funds	<u>\$ 22,362,588</u>	<u>\$ 28,123,975</u>	<u>\$ 34,848,730</u>	<u>\$ 41,057,220</u>

Schedule 3
UNAUDITED

Fiscal Year Ended June 30					
2016	2017	2018	2019	2020	2021
\$ 11,007	\$ 2,942	\$ -	\$ 14,553	\$ 10,942	\$ 11,998
695,389	823,324	942,818	1,055,028	1,158,516	992,918
3,092,000	593,000	616,000	538,373	441,572	553,201
14,481,359	21,321,516	19,445,520	16,526,632	13,625,862	14,969,214
<u>18,279,755</u>	<u>22,740,782</u>	<u>21,004,338</u>	<u>18,134,586</u>	<u>15,236,892</u>	<u>16,527,331</u>
190,679	207,663	145,721	146,398	182,813	171,370
21,943,777	21,902,318	68,519,731	69,576,434	49,063,314	36,431,851
2,046,139	898,444	1,246,580	1,572,982	1,611,509	2,503,266
<u>24,180,595</u>	<u>23,008,425</u>	<u>69,912,032</u>	<u>71,295,814</u>	<u>50,857,636</u>	<u>39,106,487</u>
<u>\$ 42,460,350</u>	<u>\$ 45,749,207</u>	<u>\$ 90,916,370</u>	<u>\$ 89,430,400</u>	<u>\$ 66,094,528</u>	<u>\$ 55,633,818</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			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 25,741,884	\$ 32,657,464	\$ 33,040,104	\$ 40,327,885
Licenses and permits	3,468,967	4,231,944	4,838,254	5,346,516
Federal grants	3,117,674	2,536,488	2,216,600	1,840,046
State grants	8,774,561	9,021,184	9,492,853	9,675,169
Charges for services	4,168,570	5,303,604	4,973,544	5,606,654
Fines and forfeitures	4,010,892	4,057,370	4,425,958	4,546,629
Interest and rentals	499,497	525,311	557,892	465,430
Contributions and donations	1,486,024	1,338,658	2,077,707	1,272,088
Other revenue	478,914	408,205	884,467	583,449
Total revenues	51,746,983	60,080,228	62,507,379	69,663,866
Expenditures				
General government	8,807,176	7,999,871	8,195,123	8,805,147
Public safety	23,449,671	24,773,584	26,703,494	30,347,526
Public works	13,506,755	13,547,204	14,049,998	18,827,277
Health and welfare	708,524	769,483	805,658	858,501
Community and economic development	1,901,247	1,426,415	1,413,899	1,416,767
Recreation and culture	3,223,250	3,262,250	3,602,859	3,815,200
Debt service:				
Principal payments	985,000	1,020,000	1,095,000	1,356,000
Interest and paying agent fees	609,981	520,597	437,427	401,704
Bond issuance costs	-	-	-	32,838
Total expenditures	53,191,604	53,319,404	56,303,458	65,860,960
Revenue over (under) expenditures	(1,444,621)	6,760,824	6,203,921	3,802,906
Other financing sources (uses)				
Issuance of long-term debt	-	4,965,000	1,127,000	2,053,000
Premium on issuance of long-term debt	-	292,966	-	-
Payment to refunded bond escrow agent	-	(5,060,000)	-	(2,020,162)
Transfers in	5,898,961	20,175,143	21,563,760	25,286,037
Transfers out	(4,376,101)	(21,392,144)	(22,169,926)	(22,913,344)
Proceeds from sale of assets	-	-	-	53
Total other financing sources (uses)	1,522,860	(1,019,035)	520,834	2,405,584
Net change in fund balances	\$ 78,239	\$ 5,741,789	\$ 6,724,755	\$ 6,208,490
Debt service as a percentage of noncapital expenditures	3.18%	3.18%	2.90%	2.98%

Schedule 4
UNAUDITED

Fiscal Year Ended June 30					
2016	2017	2018	2019	2020	2021
\$ 40,812,298	\$ 42,842,346	\$ 44,116,492	\$ 45,410,295	\$ 46,963,539	\$ 48,943,009
6,629,135	5,266,746	6,468,067	5,931,078	5,307,655	4,872,742
1,677,378	874,059	622,073	1,871,525	1,265,205	5,252,341
10,362,532	10,565,275	12,060,928	14,094,799	13,995,554	15,113,013
6,513,571	5,573,732	5,194,808	5,393,336	4,604,932	4,574,298
5,399,533	5,521,496	5,565,482	5,541,735	4,292,710	3,126,835
571,454	853,631	1,454,753	2,782,918	2,283,567	509,679
2,217,097	2,886,747	2,154,924	2,789,395	2,672,482	3,315,920
876,644	3,028,574	2,110,299	589,827	558,566	277,695
<u>75,059,642</u>	<u>77,412,606</u>	<u>79,747,826</u>	<u>84,404,908</u>	<u>81,944,210</u>	<u>85,985,532</u>
10,259,300	10,725,709	14,458,355	9,153,431	10,135,722	9,962,483
31,858,670	36,112,017	26,760,217	28,661,241	31,039,097	30,780,622
24,544,700	26,548,191	20,919,825	28,201,992	44,386,260	35,049,488
735,301	675,256	725,657	726,938	948,261	914,455
1,396,557	2,393,734	1,231,554	2,351,165	2,093,136	1,955,139
4,042,879	4,145,786	3,789,977	4,662,412	4,627,144	5,000,825
1,423,000	1,480,876	5,770,485	7,130,551	6,878,317	7,024,212
399,159	231,120	4,476,624	5,318,816	5,378,012	5,213,361
-	-	-	-	-	-
<u>74,659,566</u>	<u>82,312,689</u>	<u>78,132,694</u>	<u>86,206,546</u>	<u>105,485,949</u>	<u>95,900,585</u>
<u>400,076</u>	<u>(4,900,083)</u>	<u>1,615,132</u>	<u>(1,801,638)</u>	<u>(23,541,739)</u>	<u>(9,915,053)</u>
3,258,578	-	40,965,000	-	-	-
153,451	-	3,018,257	-	-	-
(3,353,620)	-	-	-	-	-
31,612,692	40,259,720	27,383,727	30,891,461	26,612,342	21,599,699
(30,668,047)	(32,070,780)	(27,386,104)	(30,575,793)	(26,406,475)	(22,145,356)
-	-	-	-	-	-
<u>1,003,054</u>	<u>8,188,940</u>	<u>43,980,880</u>	<u>315,668</u>	<u>205,867</u>	<u>(545,657)</u>
<u>\$ 1,403,130</u>	<u>\$ 3,288,857</u>	<u>\$ 45,596,012</u>	<u>\$ (1,485,970)</u>	<u>\$ (23,335,872)</u>	<u>\$ (10,460,710)</u>
3.03%	2.57%	2.57%	18.10%	16.77%	17.14%

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
2011	2012	\$ 1,648,632,770	\$ 396,588,890	\$ 43,977,480	\$ 119,051,890	\$ 14,124,730
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

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
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
\$ 2,222,375,760	11.7250	\$ 2,349,535,700	94.6%
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%

CITY OF ROYAL OAK, MICHIGAN

Revenue Capacity Information

Property Tax Rates - Direct and Overlapping
Last Ten Fiscal Years

		Direct City Taxes - Millage Rates (\$1 per 1,000) (1)									
Tax Year	Fiscal Year	General Operating		Solid Waste Operating		Library Operating	Public Safety Operating	Roads	Voted Debt	Drain Debt	Total Direct Taxes
		Charter	Publications	Refuse-State	Refuse-Voted						
2011	2012	7.3947	0.0239	2.0164	0.9965	0.9597	n/a	n/a	0.3338	n/a	11.7250
2012	2013	7.3947	0.0225	2.0164	0.9965	0.9597	3.475	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

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			
2020	2021	6.9890	0.0160	1.9055	0.9417	0.9067	0.2175	1.0015
		not to exceed \$50,000 / year						

- (2) County Rate includes Oakland County, Oakland County Park, Oakland County Public Transit Authority, Huron Clinton Metropolitan Park Authority, Oakland County Art Institute Authority, and starting in 2008, the Detroit Zoo Authority rates.
- (3) Royal Oak Schools serve 97.18% of the taxable value of the city. Berkley and Clawson school districts serve the remaining area.
- (4) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mills of school tax relief to qualified homeowners (Public Act 15 of 2003, MCL 211.7cc as amended). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional property tax relief.
- (5) The DDA tax rate applies only to parcels within the approved Downtown District. It is in addition to all other applicable property tax rates.

Source: City Assessor's records.

Overlapping Taxes				Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (4)		Downtown Development Authority (DDA) (5)
County Taxes (2)	Inter- mediate School District	Oakland Community College	State Education Tax (SET)	Before School Taxes	School P.R.E. (3)	School Non- P.R.E. (3)	Tax Rate for P.R.E.	Tax Rate for Non-P.R.E.	
5.3361	3.3690	1.5844	6.0000	28.0145	7.7312	22.7100	35.7457	50.7245	1.6477
5.3361	3.3690	1.5844	6.0000	31.4906	7.7300	22.7100	39.2206	54.2006	1.6477
5.3361	3.3690	1.5844	6.0000	31.4547	7.7300	22.7500	39.1847	54.2047	1.6477
5.9461	3.3690	1.5844	6.0000	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

Revenue Capacity Information

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	Assessment Year					
	2012			2021		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Consumers Energy Company	\$ 13,938,460	5	0.63%	\$ 44,218,360	1	1.46%
DTE Electric Company	21,293,550	1	0.96%	30,680,350	2	1.02%
William Beaumont Hospital	16,994,750	2	0.76%	28,580,080	3	0.65%
Trailhead RO LLC				19,512,020	4	0.95%
The Griffin Singh LLC				16,211,100	5	0.54%
Midtown Pointe, LLC				13,109,660	6	0.43%
Central Park Development Group LLC				13,011,670	7	0.43%
Meijer				7,580,880	8	0.25%
H2 Royal Oak LLC	9,261,160	8	0.42%	6,627,090	9	0.22%
Etkin Acquisition RO LLC				6,500,140	10	0.22%
Flex-N-Gate	15,677,130	3	0.71%			
Sprint Holdings / Form Tech	14,301,530	4	0.64%			
Amber Equities, LLC	11,889,300	6	0.53%			
Sears Holding	10,763,790	7	0.48%			
New Par / Verizon	8,899,820	9	0.40%			
CH Royal Oak, LLC	7,768,990	10	0.35%			
Total taxable value of ten largest taxpayers	130,788,480		5.89%	186,031,350		6.16%
Total taxable value of all other taxpayers	2,091,587,280		94.11%	2,833,260,500		93.84%
Total taxable value of all taxpayers	<u>\$ 2,222,375,760</u>		<u>100.00%</u>	<u>\$ 3,019,291,850</u>		<u>100.00%</u>

Source: City Assessor

Revenue Capacity InformationProperty Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percent of Levy		Amount	Percent of Levy
2011	2012	\$ 25,685,056	\$ 25,656,002	99.88%	\$ 13,746	\$ 25,669,748	99.94%
2012	2013	32,676,999	32,629,339	99.85%	25,795	32,655,134	99.93%
2013	2014	34,509,624	34,431,897	99.77%	5,263	34,437,160	99.79%
2014	2015	42,085,769	41,995,560	99.79%	5,000	42,000,560	99.80%
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%

(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,			
	2012	2013	2014	2015
Governmental Activities				
General obligation bonds	\$ 16,005,000	\$ 14,670,478	14,302,563	\$ 12,634,354
Business-type Activities				
General obligation bonds	24,957,387	23,147,426	21,597,831	15,475,000
Revenue bonds, loans, and contractual obligations	25,650,523	23,739,452	21,778,969	24,281,284
Total	50,607,910	46,886,878	43,376,800	39,756,284
Total debt of the City	\$ 66,612,910	\$ 61,557,356	\$ 57,679,363	\$ 52,390,638
Total personal income	\$ 2,863,438,788	\$ 3,169,998,966	\$ 3,316,943,085	\$ 3,365,977,560
Ratio of total debt to personal income	2.33%	1.94%	2.58%	1.56%
Total population	54,903	59,478	59,485	59,016
Total debt per capita	\$1,213	\$1,035	\$970	\$888

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

Source: City Finance Department

Schedule 9
UNAUDITED

Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020	2021
<u>\$ 10,960,611</u>	<u>\$ 122,979,133</u>	<u>\$ 158,311,355</u>	<u>\$ 150,496,176</u>	<u>\$ 142,919,667</u>	<u>\$ 135,396,758</u>
15,658,150	27,525,472	28,057,005	26,262,269	24,433,635	22,366,828
<u>21,655,862</u>	<u>32,233,267</u>	<u>44,891,919</u>	<u>41,273,933</u>	<u>36,716,686</u>	<u>32,241,339</u>
<u>37,314,012</u>	<u>59,758,739</u>	<u>72,948,924</u>	<u>67,536,202</u>	<u>61,150,321</u>	<u>54,608,167</u>
<u><u>\$ 48,274,623</u></u>	<u><u>\$ 182,737,872</u></u>	<u><u>\$ 231,260,279</u></u>	<u><u>\$ 218,032,378</u></u>	<u><u>\$ 204,069,988</u></u>	<u><u>\$ 190,004,925</u></u>
 \$ 3,508,809,444 1.38%	 \$ 3,744,166,724 4.88%	 \$ 2,413,247,400 9.58%	 \$ 2,434,392,801 8.96%	 \$ 2,867,643,429 7.12%	 \$ 2,990,945,765 6.35%
58,716	59,006	59,112	59,461	59,277	59,195
\$822	\$3,097	\$3,912	\$3,667	\$3,443	\$3,210

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities	Net General Bonded Debt
	Limited Tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Limited Tax General Obligation Bonds (LTGO)	
2012	\$ 8,807,563	\$ 5,495,000	\$ 37,897	\$ 23,147,426	\$ 37,412,092
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

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

Schedule 10
UNAUDITED

Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
\$ 2,222,375,760	1.68%	57,364	\$ 652
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



Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
June 30, 2021

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Per Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 135,396,758	\$ -	\$ 135,396,758	\$ 2,287	4.48%
Overlapping Debt:					
	Gross (1)	City share as % of Gross (1)	Net City Share		
Royal Oak School District	\$ 48,175,000	97.18%	\$ 46,816,465		
Berkley School District	49,030,000	1.83%	897,249		
Clawson School District	14,536,055	0.95%	138,093		
Oakland County at large	253,404,549	4.78%	12,112,737		
Oakland Intermediate School District	42,045,000	4.80%	2,018,160		
Oakland County Community College	-	4.82%	-		
Total Overlapping Debt	<u>407,190,604</u>		<u>61,982,704</u>	<u>1,047</u>	<u>2.05%</u>
Total Direct and Overlapping Debt	<u>\$ 542,587,362</u>		<u>\$ 197,379,462</u>	<u>\$ 3,334</u>	<u>6.53%</u>

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

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

CITY OF ROYAL OAK, MICHIGAN

Debt Capacity Information

Computation of Legal Debt Margin
Last Ten Fiscal Years

As of June 30	2012	2013	2014	2015
Valuation base				
State equalized valuation - excluding IFT values	\$ 2,349,535,700	\$ 2,335,410,970	\$ 2,320,467,120	\$ 2,496,528,450
Plus: equivalent valuation of Act 198 exemptions	14,124,730	9,577,040	9,507,670	9,076,090
Total valuation	<u>\$ 2,363,660,430</u>	<u>\$ 2,344,988,010</u>	<u>\$ 2,329,974,790</u>	<u>\$ 2,505,604,540</u>
Legal debt limitation - 10% of total valuation	<u>\$ 236,366,043</u>	<u>\$ 234,498,801</u>	<u>\$ 232,997,479</u>	<u>\$ 250,560,454</u>
Calculation of debt subject to limit:				
Debt outstanding	66,612,910	61,696,839	57,679,363	52,390,638
Less: bonds not subject to limit	<u>(38,897,910)</u>	<u>(35,986,839)</u>	<u>(33,001,356)</u>	<u>(29,925,435)</u>
Net debt subject to limit	27,715,000	25,710,000	24,678,007	22,465,203
Additional debt which can be legally incurred	<u>\$ 208,651,043</u>	<u>\$ 208,788,801</u>	<u>\$ 208,319,472</u>	<u>\$ 228,095,251</u>
Non-exempt debt as a percent of debt limit	11.73%	10.96%	10.59%	8.97%

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
UNAUDITED

2016	2017	2018	2019	2020	2021
\$ 2,685,865,760	\$ 2,847,544,550	\$ 3,076,626,490	\$ 3,184,551,650	\$ 3,448,529,370	\$ 3,682,656,540
7,856,290	6,267,280	5,264,590	5,264,590	4,493,540	4,238,960
<u>\$ 2,693,722,050</u>	<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>\$ 269,372,205</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>
48,274,623	182,737,872	231,260,279	218,032,378	204,069,988	190,004,925
(25,246,458)	(32,379,766)	(45,150,494)	(41,273,933)	(36,716,686)	(32,241,339)
<u>23,028,165</u>	<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>\$ 246,344,040</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>
8.55%	52.69%	60.39%	55.41%	48.47%	42.79%

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 2021.

	10% SEV	5% SEV*
FY 20-21 State Equalized Value (SEV)	\$ 3,686,895,500	\$ 3,686,895,500
Debt limit	368,689,550	184,344,775
Debt outstanding	190,004,925	190,004,925
Less: exempt obligations	(32,241,339)	(142,006,811)
Debt subject to SEV limitation	157,763,586	47,998,114
Additional debt which may be legally incurred	210,925,964	136,346,661
Non-exempt debt outstanding as a percentage of SEV	4.28%	1.30%

* In accordance with the Revised Municipal Finance Act

Debt Capacity Information

Pledged Revenue Coverage

Last Ten Fiscal Years

	Parking Revenue Bonds						
Fiscal Year	Parking Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			
				Principal	Interest	Total	Coverage
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%

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)
2012	28,216	57,364	\$ 49,917	\$ 2,863,439	40.5	5,172
2013	29,342	59,478	53,297	3,169,999	37.8	5,163
2014	29,399	59,485	55,761	3,316,943	37.8	5,171
2015	29,192	59,016	57,035	3,365,978	37.8	4,900
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

Source:

- (1) U.S. Census/2019 American Community Survey 5-year estimates
- (2) U.S. Census/2019 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 (2020-21).
- (4) Michigan Bureau of Labor Market Information and Strategic Initiatives
June 2021 estimates (not seasonally adjusted)

Schedule 14
UNAUDITED

Royal Oak (4)		Michigan (4)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
33,122	6.7%	4,701	11.0%
34,121	5.3%	4,760	8.7%
33,955	5.0%	4,812	7.9%
36,941	3.0%	4,806	6.0%
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%

Demographic and Economic Information

Principal Employers

Current Year and Nine Years Ago

Company Name	Product/Service	2012			2021		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
William Beaumont Hospital	Hospital	9,602	1	28.99%	8,081	1	21.82%
Royal Oak Public Schools	Education	397	3	1.20%	690	2	1.86%
City of Royal Oak	Municipality	427	2	1.29%	466	3	1.26%
Consumers Energy	Utility	265	9	0.80%	375	4	1.01%
Flex-n-Gate	Automotive supplier	374	5	1.13%	346 *	5	0.93%
Holiday Market	Retailer/grocery store	270	8	0.82%	295 *	6	0.80%
Detroit Zoo	Zoo	241	10	0.73%	292 *	7	0.79%
Kroger	Retailer/grocery store				290 *	8	0.78%
Meijer	Retailer/grocery store	327	7	0.99%	234 *	9	0.63%
HHI - Form Tech Industries, LLC	Automotive supplier	340	6	1.03%	n/a		
Oakland Community College	Education	377	4	1.14%	173	10	0.47%
Total		<u>12,620</u>		<u>38.10%</u>	<u>11,242</u>		<u>30.36%</u>

Note: *Indicates fiscal year 2020 employee count, as information for fiscal year 2021 was not available at the time.

Sources: Royal Oak Finance Department

Operating Information

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	20	26	24	26	26	29	29	29	29	29
Other police vehicles	15	15	25	24	24	24	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
Public Parking										
Spaces	3,678	3,678	3,730	3,815	3,815	3,465	3,785	3,889	4,339	4,339
Decks	1,532	1,532	1,532	1,532	1,532	1,532	1,983	2,564	2,564	2,564
Lots	1,380	1,380	1,380	1,473	1,473	1,195	974	522	816	816
Streets	766	766	818	810	810	738	783	803	959	959
Meters	2,210	2,210	2,203	2,203	2,203	1,352	1,352	1,268	1,775	1,390
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	50	50	50	51	51	51	51	51	51	51
Park acreage	310	310	310	352	352	352	352	352	352	352
Golf courses/holes	2 / 9 ea.	2 / 9 ea.	2 / 9 ea.	1 / 9 ea.	1 / 9 ea.	1 / 9 ea.	1 / 9 ea.	1 / 9 ea.	1 / 9 ea.	1 / 9 ea.
Indoor ice skating surfaces	2	2	2	2	2	2	2	2	2	2
Tennis courts	33	32/ 1 pickleball	32/1 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	181,523	181,474	186,223	184,362	179,393	162,945	154,781	152,589	146,338	144,962
Public computers	44	44	38	38	37	36	36	30	30	31
Roads and Sidewalks										
Miles of major streets	64.40	63.96	63.96	63.96	63.96	63.96	63.96	63.96	63.96	63.96
Miles of local streets	148.27	148.24	148.41	148.41	148.63	148.63	148.63	148.63	148.86	148.86
Miles of sidewalk	420.6	421.3	422.2	423	423	425	428	429	429	428.43
Utilities										
Water										
Miles of water main	217.43	218	217.59	219	219	219	219	219	219	219.48
Miles of sewer	358.65	359	359.27	361	361	362	363	363	363	362.91
Number of hydrants	2,115	2,127	2,138	2,138	2,138	2,159	2,167	2,194	2,198	2,198
Forestry										
Number of trees in rights-of-way	22,048	20,541	20,262	27,149	26,456	18,983	18,922	18,951	18,737	18,370

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	2012	2013	2014	2015
Election data (calendar year)				
Registered voters	49,034	49,080	49,124	48,202
Elections held	3	1	2	2
Voters (at the polls or absentee)	34,607	12,555	23,734	12,305
Percent voting	70.6%	25.6%	48.3%	25.5%
Vital Records (calendar year)				
Birth	5,983	5,072	5,384	5,958
Death	1,693	1,767	1,435	1,763
District Court (calendar year)				
Number of court cases by judges/magistrates	14,701	13,140	15,223	18,969
Number of traffic tickets disposed	13,836	12,835	14,495	15,095
Number of criminal cases disposed	1,968	3,913	3,141	4,269
Number of civil cases disposed	2,879	2,945	2,561	2,349
Number of parking tickets disposed	97,425	93,388	95,643	93,115
Assessing				
Parcels (tax / calendar year)	27,641	27,641	27,693	27,791
Documents processed (prior to 2008 PTAs only)	4,061	4,284	9,561	8,190
Building and Safety				
Permits issued	1,601	1,779	2,030	2,374
Estimated permit value (\$000)	\$33,116	\$70,480	\$81,609	\$77,778
Police (calendar year, 2010 through June 30)				
Calls for service	37,297	40,744	44,616	48,051
Group A offenses	2,601	2,305	2,205	2,320
Group B offenses	1,179	1,271	1,228	1,296
Traffic violations issued	13,035	12,317	14,147	13,178
Parking violations issued	93,661	96,385	92,454	86,955
Fire				
Fire runs	1,824	2,020	2,158	2,277
Emergency medical runs	3,898	3,993	3,789	3,778
Inspections	515	448	464	590
Human Resources				
Employment applications - full & part-time	822	1,007	901	1,142
Hires, position changes, retirements, terminations	107	154	290	383
Workers' comp. claims filed - medical & indemnity	61	63	57	41
Health insurance enrollees - Employees	254	266	225	242
Health insurance enrollees - Retirees	438	440	420	434

Source: City Departments

Note: * Information not available

Schedule 17
UNAUDITED

2016	2017	2018	2019	2020	2021
48,898	48,314	48,316	49,155	52,017	*
3	1	2	1	3	*
35,350	12,419	32,898	13,290	39,658	*
72.3%	25.8%	68.1%	27.0%	76.2%	*
6,703	6,903	6,878	7,154	6,881	*
1,693	1,736	1,730	1,644	1,839	*
32,027	29,386	30,805	31,461	35,942	57,930
25,158	22,390	23,379	23,314	21,419	11,785
2,604	2,456	2,746	2,420	4,060	2,528
3,254	4,540	4,835	3,300	5,014	3,903
92,658	80,281	71,024	62,415	72,688	42,156
27,857	27,904	28,049	28,025	28,049	28,027
11,849	15,209	14,529	14,705	14,597	11,764
2,194	2,402	2,399	2,904	2,090	2,888
\$167,991	\$121,953	\$214,660	\$155,516	\$111,755	\$142,857
46,563	49,139	48,450	51,852	45,120	*
2,309	1,962	1,628	1,438	1,201	*
1,333	1,400	1,140	1,030	769	*
16,003	15,827	14,523	15,688	8,964	*
75,627	67,537	56,869	69,175	37,542	*
2,179	2,121	2,112	1,954	1,633	1,751
3,976	3,883	4,104	4,158	4,309	3,903
611	702	496	647	309	564
688	2,374	1,205	2,047	955	1,091
176	322	107	203	221	427
44	50	25	41	53	40
245	321	263	263	257	260
431	461	379	425	433	431

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CITY OF ROYAL OAK, MICHIGAN

Operating Information

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year Ending June 30

Function / Program	2012	2013	2014	2015
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	3,677	3,648	3,667	3,697
Cardholders - total registrations	32,262	32,367	30,855	32,914
Circulation - number of transactions	451,097	405,101	393,843	378,252
Number of visitors	572,957	519,595	341,951	213,784
Number of computer uses	74,560	66,234	55,699	42,871
Number of programs/events offered	704	521	483	439
Number of program/event attendees	16,323	15,441	14,093	10,885
Parks and recreation				
Ice rental and other use (hours per calendar year)	*	7,888	7,932	8,087
Recreation program participants	16,600	16,688	16,320	16,055
Golf Course				
Rounds of Golf - Normandy Oaks	9,536	9,127	8,432	-
Rounds of Golf - Royal Oak	17,340	16,240	16,187	20,760
Senior Programs				
Senior activity sessions	4,176	4,214	3,994	3,981
Senior activity participants	95,742	87,787	84,614	74,266
Senior meals served on-site and delivered	24,052	13,429	11,378	11,340
Senior transportation trips	14,101	12,611	12,571	13,559
Senior AGE program - Service Hours	24,000	24,000	24,000	24,000
Senior ROSES program in-home support jobs	3,839	2,090	2,073	2,074
Public Works / Engineering				
Miles of street resurfaced	3	2	1	1
Square feet of sidewalk - removed & replaced	242,330	299,618	365,765	287,645
Square feet of sidewalk - new	1,989	19,363	23,533	18,952
Curbside refuse collected (tons)	22,780	22,145	20,717	29,341
Curbside compost collected (tons)	7,770	7,730	11,143	11,115
Curbside recyclables collected (tons)	3,908	4,690	3,655	3,906
Leaf collection (tons)	3,677	3,330	3,550	3,260
Feet of watermain - replaced	5,323	10,160	10,127	11,838
Feet of watermain - new	892	840	-	2,781
Feet of sewer - replaced	-	-	60	635
Feet of sewer - new	801	801	3,265	2
Utilities - Water and Sewer				
Number of customers billed	23,912	23,929	23,264	23,159
Water units purchased (100 cubic feet)	275,758,400	262,629,400	250,522,400	247,902,200
Water units billed (100 cubic feet)	248,509,201	246,613,100	233,014,700	215,800,400
Wastewater units disposed (100 cubic feet)	275,555,200	262,378,200	232,943,600	215,790,000

Source: City Departments

Note: * Information not available

Schedule 17
UNAUDITED

2016	2017	2018	2019	2020	2021
3,634	3,785	3,816	3,412	2,782	1,321
33,140	24,317	24,262	23,885	22,002	23,787
372,934	403,009	399,759	339,197	309,806	285,862
347,223	369,996	193,697	163,413	127,211	31,936
36,782	38,387	36,139	22,861	21,768	3,436
425	513	507	494	444	323
13,518	15,503	16,794	17,275	14,116	7,240
8,193	8,300	8,296	11,000	2,700	7,536
16,222	16,300	16,290	16,300	8,000	15,880
-	-	-	-	-	-
18,225	18,700	15,327	15,327	21,950	19,525
3,888	3,742	3,859	3,655	2,348	237
72,007	73,472	73,362	73,060	21,707	2,233
10,839	10,563	10,498	8,704	5,607	150
12,863	13,095	11,302	11,105	8,876	10,500
24,000	24,000	24,000	24,000	19,000	2,343
2,066	2,081	2,457	1,954	1,157	115
6	7	5	7	3.82	6.48
500,991	330,551	161,514	86,126	58,553	85,984
14,256	55,994	73,732	25,447	4,505	2,388
23,565	24,444	22,334	21,950	22,282	23,351
10,551	7,089	9,991	12,352	4,721	5,218
4,035	4,229	5,410	5,573	5,673	5,699
*	2,397	5,547	7,881	9,076	7,018
9,709	13,532	-	1,497	15,309	7,294
1,174	4,883	2,933	20	(1,053)	2,255
-	785	-	-	1,887	383
-	5,703	3,055	-	1,212	83
23,646	24,335	24,435	24,670	24,807	24,884
253,900,000	247,413,200	245,776,500	238,277,000	235,779,826	229,118,148
228,319,400	242,515,739	237,825,100	226,450,300	214,001,600	201,576,400
228,296,800	239,653,661	237,423,300	226,365,600	213,847,100	201,605,427

concluded.

Operating Information

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

Function/Program	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
44th District Court/Probation	20	20	22	22	29	29	29	30	30	30
Administrative Services										
Manager	2	3	3	6	5	5	6	6	6	6
Attorney	3	3	4	4	4	4	4	4	4	4
City Clerk	4	4	5	5	5	5	5	5	5	6
Human Resources	2	2	2	3	3	3	4	4	4	4
State Construction Code	5	5	6	11	11	11	14	13	13	13
Ordinance Enforcement	2	2	5	5	5	5	5	5	5	5
Engineering	9	7	7	8	13	13	13	13	13	13
Community Development	4	3	3	3	4	4	4	4	4	4
Planning - Block Grant	1	1	1	-	-	-	-	-	-	-
Planning - Housing	1	1	1	1	1	1	1	1	1	1
Finance	5	5	5	6	7	7	7	7	7	8
Assessing	3	3	3	4	4	4	4	4	4	5
Treasurer / Water Billing	5	5	4	4	5	5	5	6	6	6
Information Technology	4	4	4	4	4	5	5	7	6	6
Subtotal	49	47	52	64	70	71	76	79	78	81
Library	11	10	10	9	8	8	8	9	9	9
Public Safety										
Police	77	81	96	97	98	98	98	98	98	98
Fire	56	56	56	56	56	56	56	56	56	56
Subtotal	133	137	152	153	154	154	154	154	154	154
Recreation & Public Services										
Public Service										
Parks & Forestry	8	7	7	7	7	7	7	7	7	8
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Highway	-	-	-	-	2	2	3	3	3	3
Motor Pool	9	9	9	9	9	9	9	9	9	9
Electrical	-	-	-	-	1	1	1	1	1	1
Solid Waste	13	14	14	14	14	14	15	15	15	15
Water Maintenance	8	7	7	7	8	8	8	8	8	8
Water Services	5	4	4	4	4	4	4	4	4	4
Sewer Maintenance	8	7	7	7	7	7	9	9	9	9
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	1	2
Subtotal	59	56	56	56	59	59	63	63	63	65
Total	272	270	292	304	320	321	330	335	334	339

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

Source: City Finance Department