



**City of Royal Oak,  
Michigan**

**Annual Comprehensive  
Financial Report**

**Fiscal Year Ended  
June 30, 2023**



City of  
Royal Oak,  
Michigan



Year Ended  
June 30, 2023

Annual  
Comprehensive  
Financial Report

**City Commission**

***Mayor***

Michael Fournier

***Mayor Pro Tem***

Melanie Macey

***Commissioners***

Sharlan Douglas

Kyle DuBuc

Monica Hunt

Brandon Kolo

Patricia Paruch

**Administration**

***City Manager***

Paul J. Brake

***Director of Finance***

Debra Peck Lichtenberg

***Assistant Finance Director/Controller***

Anthony DeCamp

**Prepared by the Finance Department**



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## **INTRODUCTORY SECTION**





December 5, 2023

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 (the "city") for the fiscal year ended June 30, 2023. 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.

The financial statements and supplemental schedules contained in the financial section herein have been independently audited by Rehmann Robson LLC., Certified Public Accountants. The city has received an unmodified opinion for the June 30, 2023 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 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. During the winter of 2022, the Rink at Centennial Commons offered ice skating in the heart of the business district for the first time, spanning the season from November through February and culminating with the 2nd Annual Winter Blast event featuring winter activities, live entertainment, and local restaurants.

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

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

## **Government**

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

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

## **Local Economy and Demographics**

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

The city's commercial property taxable value as a percentage of the total increased slightly this year. For fiscal year 2022-23, the city's assessed taxable value consists of 76.59 percent residential property value, 17.49 percent commercial property, 1.37 percent industrial property and 4.55 percent personal property. The industrial, commercial and residential values have vacant values included in the percentages. All of these property categories experienced growth in taxable value, in dollars, year over year.

In 2023, Royal Oak has continued to be one of Southeast Michigan's most desired cities for new commercial investments, despite changes to the economy in the aftereffects of the COVID-19 pandemic.

Dassault Systems, a French software company, moved its downtown Royal Oak office and several other suburban offices to a building currently under construction at 11 Mile and Main Street for a total of 62,500 square feet, making it the largest metro Detroit office lease inked in 2023 according to Crain's Detroit Business. It joins several prominent real estate companies that have recently opted to move their local offices or headquarters to Royal Oak, including Colliers International, HED, and publicly-traded Agree Realty Corporation.

Additional new openings in 2023 included Bandit Tavern and Hideaway, HopCat, North End Taproom, Arrow Strategies, iFreeze Creamery, Kacha Thai Market, 248 Garage, Assured Partners of Michigan, Home Turf Gym, Executive Studio, Prana Juices and Pop's Hani Shop.



In November 2023, the city entered into a one year due diligence period with the YMCA of Metropolitan Detroit to gauge the feasibility of constructing a new community center with housing on a city-owned parking lot in downtown Royal Oak. If constructed, the 100,000 square foot project would include an aquatic hall, gymnasium, fitness center, and a licensed childcare facility on floors 1-3. Floors four and above would contain housing, including affordable units.

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 \$87,316, 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 July 2023 was 1.9 percent, which compares favorably to the State's unemployment rate of 3.6 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. The fiscal year ending 22-23 general fund fund balance increased by \$3.13 million as opposed to \$222,000 decrease of fund balance originally budgeted, mostly due to increased revenue recognized from the American Rescue Plan Act (ARPA) federal grant, new property tax millage revenue and lower expenditures due to vacancies. The year ended with unassigned general fund fund balance of \$11.75 million or 25 percent of expenditures and transfers out. Transfers out of the general fund consisted of \$22 million to the public safety fund to cover annual operating costs; \$2.2 million for the fifth year of Royal Oak Civic Center debt payments; \$459,449 for court building debt payments; \$350,000 to subsidize senior center operating costs; \$22,870 for the city's share of the indigent defense fund, \$35,000 for the commission for the arts and Memorial Day parade, and \$138,320 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 13th consecutive year, the city administration prepared a comprehensive six-year capital improvement plan (CIP). The CIP was unanimously adopted by the planning commission prior to the end of the fiscal year budget process. Information from the capital improvement plan is also included in the future years' projections' projections in the budget document. The CIP includes all of the requested capital projects and reports the potential sources of funding by project for the next six years totaling over \$147 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 has adopted a multi-year strategic plan to guide the administration's budget preparation. In preparing the current plan, the city leaders held planning sessions and identified seven major goals of the strategic framework. These strategic goals include: Welcoming, Engaged and Livable Community; Safe, Healthy and Just City; Environmental Leadership; Vibrant Local Economy; Efficient and Effective Services; Long-Term Fiscal Health; and Reliable Infrastructure. These goals are discussed in detail in the city's Strategic Plan 2022-2025 document available on the city website. Period updates on the plan's progress and priorities are provided to the commission for their review and direction throughout the year. The latest plans for implementing these goals are also described in more detail in the FY23-24 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 objective of budgetary controls is to ensure compliance with legal provisions embodied in the city commission's approved budget and State requirements.

Activities of the general fund and special revenue funds are included in the appropriation act adopted prior to each fiscal year. The budget is established by functional level in the general fund and by total fund for the special revenue funds. All of the funds' budgets are reviewed for budget to actual variances on a monthly basis.

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

### **Federal Grants**

The city expended \$18,185,215 in federal grant funds, mostly related to American Rescue Plan Act (ARPA) funds and the Community Development Block Grant. In total, the city has received the \$28,107,502 allocation of ARPA funding. As of June 30, 2023, a balance of \$10,920,821 have not yet been expended, also mostly related to ARPA, and is classified as unearned revenue at the end of the fiscal year.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Royal Oak for its annual comprehensive financial report for the fiscal year ended June 30, 2022. 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, 2023. 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, Rebecca Chase, Senior Accountant, and the balance of the finance department staff.

Respectfully submitted,



Debra Peck Lichtenberg, CPA  
Director of Finance

Approved,



Todd Fenton  
Acting City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Royal Oak  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

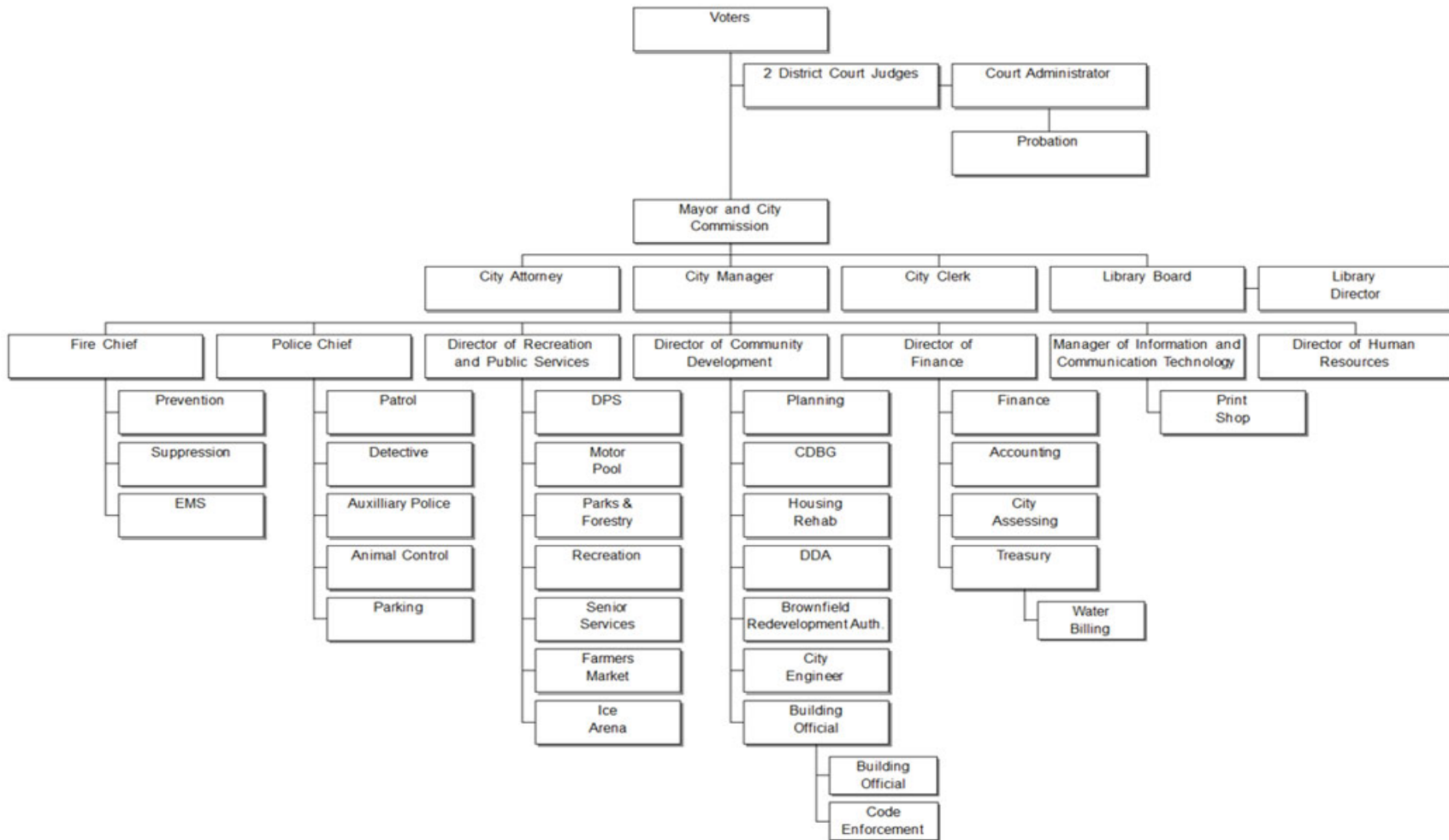
Executive Director/CEO



# CITY OF ROYAL OAK, MICHIGAN

## Organization Chart

As of June 30, 2023



## **CITY OF ROYAL OAK, MICHIGAN**

### **Principal Officials**

As of June 30, 2023

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



## **FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

December 5, 2023

Honorable Mayor and City Commission  
City of Royal Oak, Michigan

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Royal Oak, Michigan*** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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



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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 5, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson 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, 2023. 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	\$ 236,077,824
· Change in total net position	27,524,508
· Fund balances, governmental funds	60,589,518
· Change in fund balances, governmental funds	14,606,506
· Unassigned fund balance, general fund	11,752,718
· Change in fund balance, general fund	3,129,519
· Installment debt outstanding	160,818,726
· Change in installment debt	(12,616,862)

#### 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.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

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

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

The city maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and four other major funds: public safety, local streets, state construction code and grants. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

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

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

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

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

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

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

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

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

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



## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### 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 \$236,077,824, an increase of \$27,524,508, or 13.20 percent, at the close of the most recent fiscal year.

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 (16%) represents resources that are subject to external restrictions on how they may be used. The city's unrestricted net position deficit of \$147,342,848, a decrease of \$9,326,030 over the previous year, occurred primarily due to the decreased liability for both pension and healthcare retirement benefits resulting from the positive investment earnings due to improved market performance, and the recognition of ARPA federal grant revenue.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 111,825,247	\$ 99,859,740	\$ 15,642,281	\$ 18,902,050	\$ 127,467,528	\$ 118,761,790
Capital assets, net	264,595,785	256,500,025	150,471,732	149,423,345	415,067,517	405,923,370
<b>Total assets</b>	<b>376,421,032</b>	<b>356,359,765</b>	<b>166,114,013</b>	<b>168,325,395</b>	<b>542,535,045</b>	<b>524,685,160</b>
<b>Deferred outflows of resources</b>	<b>12,546,006</b>	<b>20,395,803</b>	<b>840,353</b>	<b>1,301,840</b>	<b>13,386,359</b>	<b>21,697,643</b>
Long-term liabilities	240,229,391	247,506,981	45,153,490	50,909,656	285,382,881	298,416,637
Other liabilities	27,946,323	31,554,051	3,704,949	4,496,865	31,651,272	36,050,916
<b>Total liabilities</b>	<b>268,175,714</b>	<b>279,061,032</b>	<b>48,858,439</b>	<b>55,406,521</b>	<b>317,034,153</b>	<b>334,467,553</b>
<b>Deferred inflows of resources</b>	<b>2,204,714</b>	<b>2,685,945</b>	<b>604,713</b>	<b>675,989</b>	<b>2,809,427</b>	<b>3,361,934</b>
Net position:						
Net investment in capital assets	227,298,315	217,042,279	118,441,719	112,941,252	345,740,034	329,983,531
Restricted	37,680,638	35,238,663	-	-	37,680,638	35,238,663
Unrestricted (deficit)	(146,392,343)	(157,272,351)	(950,505)	603,473	(147,342,848)	(156,668,878)
<b>Total net position</b>	<b>\$ 118,586,610</b>	<b>\$ 95,008,591</b>	<b>\$ 117,491,214</b>	<b>\$ 113,544,725</b>	<b>\$ 236,077,824</b>	<b>\$ 208,553,316</b>

The city's net position increased by \$27,524,508 during the current fiscal year as compared to a \$11,272,211 increase in the previous year. The difference between the two years is mostly attributed to the recognition of ARPA federal grant revenue, the increase of program revenues (charges for services, operating grants, and capital grants) in both governmental and business-type activities offset by higher expenses in governmental activities (public safety, general government, and recreation and culture) and business-type activities (water and sewer, parking, and recreation programming).

#### Governmental Activities

Governmental activities increased the city's net position by \$23,578,019 as compared to a \$8,334,316 increase in the previous year, a difference of \$15,243,703 between the two years. This increase in net position is primarily due to the recognition of ARPA federal grant revenue, increased charges for services, property tax revenue, and grants, offset by higher public safety, general government and recreation and culture expenses.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Business-type Activities

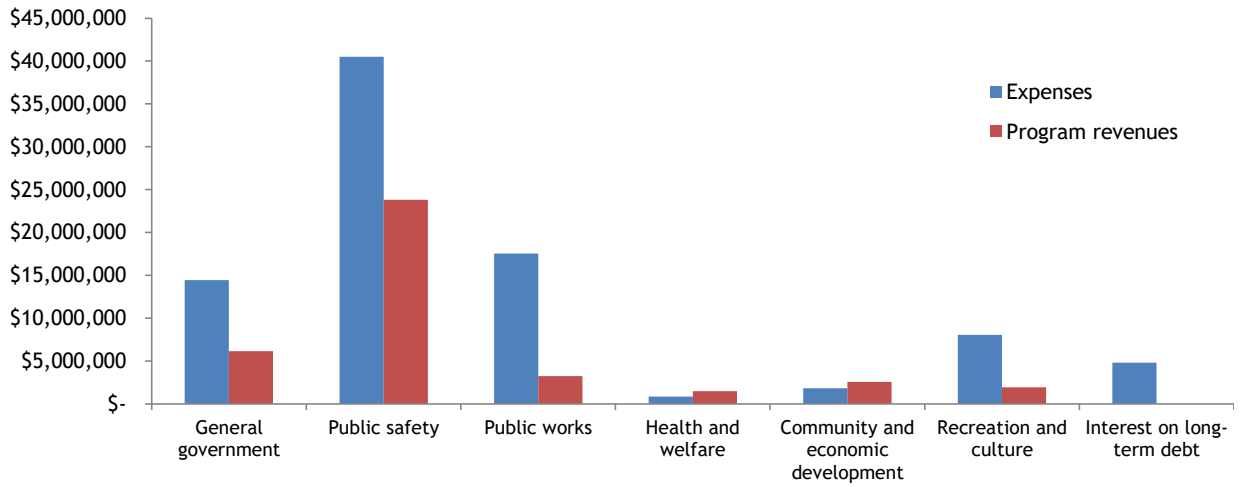
Business-type activities increased the city's net position by \$3,946,489 as compared to a \$2,937,895 increase in the previous year, a difference of \$1,008,594. The increase in net position in comparison to last year is largely due to an increase in charges for services and grant revenue, offset by increases in water and sewer, parking system, and recreation programming expenses.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 16,424,813	\$ 13,567,137	\$ 37,210,285	\$ 34,345,443	\$ 53,635,098	\$ 47,912,580
Operating grants	21,102,296	7,106,348	1,688,537	714,812	22,790,833	7,821,160
Capital grants	1,658,039	1,414,307	319,237	-	1,977,276	1,414,307
General revenues:						
Property taxes	54,771,019	50,566,421	1,968,053	2,437,221	56,739,072	53,003,642
State shared revenues	16,391,190	15,598,185	-	-	16,391,190	15,598,185
Other	924,602	178,902	-	-	924,602	178,902
<b>Total revenues</b>	<b>111,271,959</b>	<b>88,431,300</b>	<b>41,186,112</b>	<b>37,497,476</b>	<b>152,458,071</b>	<b>125,928,776</b>
Expenses:						
General government	14,444,592	11,582,239	-	-	14,444,592	11,582,239
Public safety	40,471,312	38,697,761	-	-	40,471,312	38,697,761
Public works	17,521,710	17,387,047	-	-	17,521,710	17,387,047
Health and welfare	858,276	939,960	-	-	858,276	939,960
Community and economic development	1,801,089	2,589,823	-	-	1,801,089	2,589,823
Recreation and culture	8,062,882	3,979,382	-	-	8,062,882	3,979,382
Interest on long-term debt	4,794,365	4,976,602	-	-	4,794,365	4,976,602
Water and sewer	-	-	29,119,646	27,514,146	29,119,646	27,514,146
Parking	-	-	4,913,142	4,259,864	4,913,142	4,259,864
Recreation	-	-	2,350,686	2,156,647	2,350,686	2,156,647
Farmers market	-	-	595,863	573,094	595,863	573,094
<b>Total expenses</b>	<b>87,954,226</b>	<b>80,152,814</b>	<b>36,979,337</b>	<b>34,503,751</b>	<b>124,933,563</b>	<b>114,656,565</b>
Change in net position, before transfers	23,317,733	8,278,486	4,206,775	2,993,725	27,524,508	11,272,211
Transfers	260,286	55,830	(260,286)	(55,830)	-	-
<b>Change in net position</b>	<b>23,578,019</b>	<b>8,334,316</b>	<b>3,946,489</b>	<b>2,937,895</b>	<b>27,524,508</b>	<b>11,272,211</b>
Net position:						
Beginning of year	95,008,591	86,674,275	113,544,725	110,606,830	208,553,316	197,281,105
<b>End of year</b>	<b>\$ 118,586,610</b>	<b>\$ 95,008,591</b>	<b>\$ 117,491,214</b>	<b>\$ 113,544,725</b>	<b>\$ 236,077,824</b>	<b>\$ 208,553,316</b>

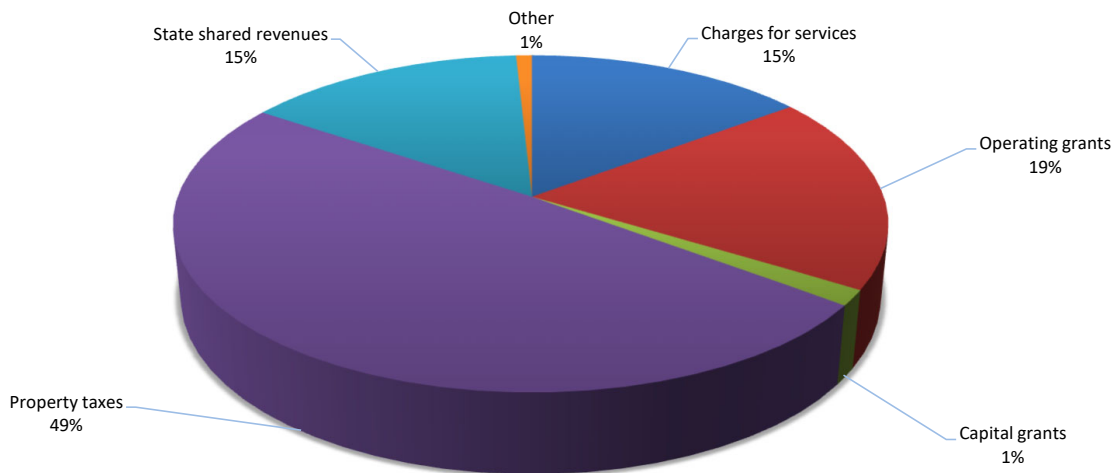
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Expenses and Program Revenues - Governmental Activities



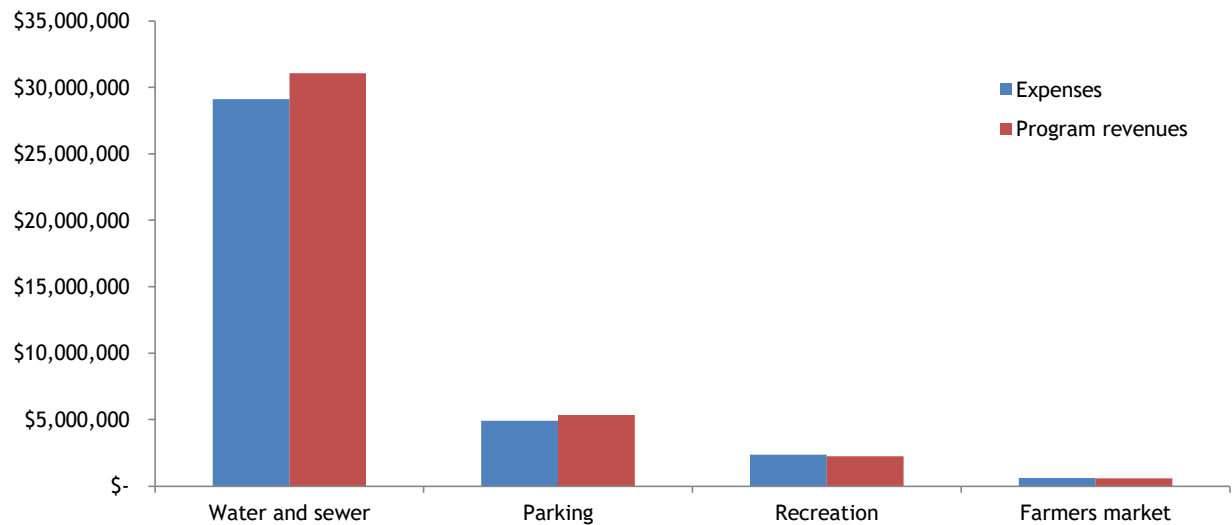
#### Revenues by Source - Governmental Activities



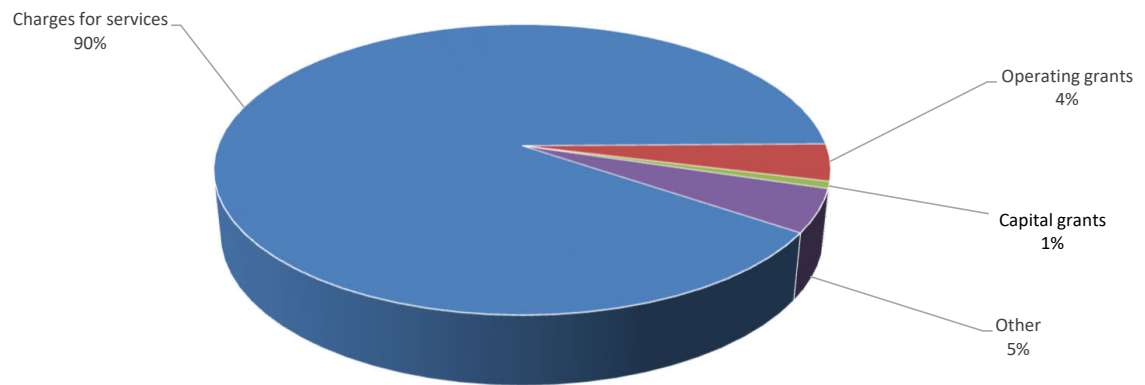
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

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



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



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

As the city completed the fiscal year, its governmental funds reported combined ending fund balances of \$60,589,518. Of this amount, \$35,066,547 is legally restricted, committed and/or unavailable to spend (i.e. amounts tied up in inventories), \$13,770,253 is assigned for designated purposes, leaving \$11,752,718 unassigned.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### General Fund Budgetary Highlights

The general fund is the chief operating fund of the city. Revenue and other financing sources in to the general fund had a \$201,761 positive final budget variance, although it was an even higher \$2,057,891 over the original budget. Property tax revenue had the largest positive variance from the original budget amounting to \$2,420,670. This large variance was due to the voter approval of a new dedicated millage to support parks, forestry and animal shelter activities. Other underbudgeted revenue sources included over \$545,497 from federal grants, state shared revenue and interest, which were offset by a shortfall in fines and forfeitures of \$2,709,352. Expenditures and other financing uses out were \$1,293,883 below the original budget mostly due to personnel vacancies in general government functions and delays in capital outlay.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,752,718 while total fund balance was \$13,905,845. 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 25 percent of total general fund expenditures and transfers out, while total fund balance represents 30 percent of general fund expenditures and transfers out.

The fund balance of the city's general fund increased by \$3,129,519 during the current fiscal year. However, the original budget included \$222,255 use of fund balance. As mentioned previously this variance was due to a \$2,420,000 increase in property tax revenue and expenditure savings from personnel vacancies.

#### Public Safety Fund

The public safety fund has a total fund balance of \$12,813,632, an increase of \$10,853,536. This represents a positive final budget variance of \$12,335,162. This variance was almost entirely due to the recognition of \$10,093,517 of ARPA federal grant revenue.

#### Local Streets Fund

The local streets fund has a total fund balance of \$3,839,998, a decrease of \$1,365,354, which represents a positive final budget variance of \$2,136,079. This variance is largely due to timing delays in construction projects.

#### State Construction Code Fund

The state construction code fund ended the year with a fund balance of \$15,441,877, an increase of \$2,040,939. Revenues exceeded the original budget by \$2,035,538 as all permits (building, electric, heating, plumbing, sign and sewer) were higher than budget. Expenditures were lower than original budget by \$566,473 due to vacant inspector positions, which have been difficult to fill.

#### Grants Fund

The grants fund fund balance increased by \$754,168 to \$1,203,111, largely due to interest earned on ARPA grant funds. This represents a positive final budget variance of \$7,397. The overall final budget variance, excluding the impact of ARPA recognition, is \$193,474. This fund has received \$28 million in ARPA funding over the past two fiscal years, however, the unspent amount of the grant, totaling \$10,920,821, remains in unearned revenue as of year-end, therefore it does not affect fund balance.

#### Water and Sewer Fund

Unrestricted net position of the water and sewer system at the end of the year amounted to a deficit of \$4,639,888, with a total increase in net position was \$3,347,176. The increase in net position was mostly due to higher charges for service revenue and lower salaries and benefits. Over \$5.9 million in watermain infrastructure improvements were performed.

#### Auto Parking Fund

Unrestricted net position for the auto parking system fund amounted to a deficit of \$1,451,613. The total increase in net position for this fund was \$386,569, which can be attributed to both recognition of \$1 million of ARPA federal grant revenue offset by a reduction in charges for services revenue in the parking system due to changes in the parking meter system and the removal of paid parking lot areas, which now house the city hall and police department, from this funds capital assets.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Capital Assets and Debt Administration

##### Capital Assets

The city's investment in capital assets for its governmental and business-type activities amounts to \$415,067,517 (net of accumulated depreciation/amortization). 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 2.3 percent and mostly due to major and local street improvements.

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 66,791,625	\$ 66,774,752	\$ 8,902,503	\$ 8,902,503	\$ 75,694,128	\$ 75,677,255
Construction in progress	19,475,677	18,178,913	7,000,552	5,232,585	26,476,229	23,411,498
Buildings	44,286,678	45,571,007	41,465,333	42,861,337	85,752,011	88,432,344
Improvements other than buildings	22,688,673	21,161,663	256,931	274,851	22,945,604	21,436,514
Machinery and equipment	8,610,539	9,083,538	410,433	357,643	9,020,972	9,441,181
Infrastructure	101,457,723	95,017,945	92,435,980	91,794,426	193,893,703	186,812,371
Intangibles	64,986	2,777	-	-	64,986	2,777
Lease easement property	22,029	-	-	-	22,029	-
Lease equipment	36,638	-	-	-	36,638	-
Subscription assets	1,161,217	709,430	-	-	1,161,217	709,430
<b>Total</b>	<u>\$ 264,595,785</u>	<u>\$ 256,500,025</u>	<u>\$ 150,471,732</u>	<u>\$ 149,423,345</u>	<u>\$ 415,067,517</u>	<u>\$ 405,923,370</u>

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 \$168,542,240. Of this amount, \$136,315,006 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. \$21,800,000 of debt is the balance of revenue bonds for two parking structures. Another \$2,703,720 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 premiums.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Limited general obligation bonds	\$ 118,051,007	\$ 125,175,805	\$ 18,263,999	\$ 20,167,199	\$ 136,315,006	\$ 145,343,004
Revenue bonds	-	-	21,800,000	23,555,000	21,800,000	23,555,000
Contractual obligations	-	-	2,703,720	4,537,584	2,703,720	4,537,584
Compensated absences	3,898,561	4,007,655	226,739	239,386	4,125,300	4,247,041
General liability claims	652,890	1,532,980	-	-	652,890	1,532,980
Workers compensation claims	203,168	96,704	-	-	203,168	96,704
Unamortized premium	2,359,100	2,504,666	383,056	460,730	2,742,156	2,965,396
Total	<u>\$ 125,164,726</u>	<u>\$ 133,317,810</u>	<u>\$ 43,377,514</u>	<u>\$ 48,959,899</u>	<u>\$ 168,542,240</u>	<u>\$ 182,277,709</u>

The city's total debt decreased by \$13,735,469 (7.5 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 increases in workers' compensation claims and minor reductions in compensated absences 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 strong operating performance, long term liability burden and expenditure framework netted with a poorer revenue framework. On July 14, 2023, Standard & Poor's issued a ratings adjustment from AA+ to AA based on potential budgetary pressures from unfunded pension obligations.

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 \$418,124,029 (10 percent of \$4,181,240,290 assessed valuation). The city's total debt subject to the 10 percent legal limit amounts to \$139,057,157 or 3.3 percent.

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

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

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

During preparation and adoption of the fiscal year 2023-24 budget, it was assumed that the impact of the COVID 19 pandemic would continue the full return to pre-pandemic levels and/or post-pandemic norms. State Shared revenues were not discounted and were based on the projections provided by the State of Michigan. The city was previously awarded an ARPA grant amounting to approximately \$28 million to be used over 3 years. The city has received these funds and has recognized approximately \$17 million of revenue through June 30, 2023. The remaining balance of almost \$11 million of unearned revenue is expected to be fully recognized during the 2023-24 fiscal year.

Unassigned fund balance in the general fund increased by approximately \$3.2 million to \$11.8 million. This unassigned fund balance for the general fund is approximately 25 percent of expenditures and transfers out for the 2023-24 fiscal year, which is above the target fund balance range. The city's original budget for fiscal year 2023-2024 plans \$2,862,264 use of fund balance. With the addition of two new voter approved millages, the city's total millage rate increased by 0.0622 mills to 17.6202 mills.

For the 2023-2024 fiscal year, the quarterly water and sewer rates are \$131.80 per 1,000 cubic feet for the first 2,000 cubic feet and \$151.60 for every 1,000 cubic feet thereafter. In addition, all customers pay a \$16 flat fee per billing period to recoup the city's water/sewer administration costs. For the fifth year, a drain debt millage is being levied. Next year's rate is 0.5723 mills, down from 0.6268 the year prior.

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

#### Requests for Information

This financial report is designed to provide a general overview of the City of Royal Oak's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Royal Oak, 203 S. Troy Street, Royal Oak, MI 48067.





## **BASIC FINANCIAL STATEMENTS**



# CITY OF ROYAL OAK, MICHIGAN

## Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 90,977,372	\$ 777,452	\$ 91,754,824	\$ 3,465,822
Receivables, net	11,251,655	11,002,669	22,254,324	54,370
Deposits and other assets	1,997,061	-	1,997,061	210,700
Internal balances	(3,388,763)	3,388,763	-	-
Inventories	425,603	473,397	899,000	-
Restricted assets, cash	10,562,319	-	10,562,319	-
Capital assets not being depreciated/amortized	86,267,302	15,903,055	102,170,357	842,975
Capital assets being depreciated/amortized, net	178,328,483	134,568,677	312,897,160	359,009
<b>Total assets</b>	<b>376,421,032</b>	<b>166,114,013</b>	<b>542,535,045</b>	<b>4,932,876</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	32,781	503,167	535,948	-
Deferred pension amounts	9,462,329	88,002	9,550,331	7,189
Deferred other postemployment benefit amounts	3,050,896	249,184	3,300,080	20,353
<b>Total deferred outflows of resources</b>	<b>12,546,006</b>	<b>840,353</b>	<b>13,386,359</b>	<b>27,542</b>
<b>Liabilities</b>				
Accounts payable	4,725,989	2,897,172	7,623,161	229,525
Accrued and other liabilities	4,311,852	793,797	5,105,649	4,548
Cash bonds and deposits	5,393,034	6,600	5,399,634	-
Unearned revenue	13,515,448	7,380	13,522,828	-
Bonds, notes and other long-term liabilities:				
Due within one year	9,993,108	5,833,090	15,826,198	5,000
Due in more than one year	116,312,303	37,544,424	153,856,727	4,601
Net pension liability (due in more than one year)	104,024,858	967,457	104,992,315	79,038
Net other postemployment benefit liability (due in more than one year)	9,899,122	808,519	10,707,641	66,041
<b>Total liabilities</b>	<b>268,175,714</b>	<b>48,858,439</b>	<b>317,034,153</b>	<b>388,753</b>
<b>Deferred inflows of resources</b>				
Deferred other postemployment benefit amounts	3,803	310	4,113	25
Deferred lease amounts	2,200,911	604,403	2,805,314	-
<b>Total deferred inflows of resources</b>	<b>2,204,714</b>	<b>604,713</b>	<b>2,809,427</b>	<b>25</b>
<b>Net position</b>				
Net investment in capital assets	227,298,315	118,441,719	345,740,034	1,201,984
Restricted for:				
Public, Educational, and Government				
Access ("PEG") fees	965,731	-	965,731	-
Highways and streets	14,533,262	-	14,533,262	-
Solid waste	3,157,171	-	3,157,171	-
Recreation and culture	1,276,809	-	1,276,809	-
Public safety	15,531,512	-	15,531,512	-
Grants	1,203,111	-	1,203,111	-
Capital projects	1,000,615	-	1,000,615	-
Permanent fund:				
Expendable	11,412	-	11,412	-
Non-expendable	1,015	-	1,015	-
Unrestricted (deficit)	(146,392,343)	(950,505)	(147,342,848)	3,369,656
<b>Total net position</b>	<b>\$ 118,586,610</b>	<b>\$ 117,491,214</b>	<b>\$ 236,077,824</b>	<b>\$ 4,571,640</b>

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, 2023

		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	\$ 14,444,592	\$ 5,915,438	\$ 221,247	\$ -	\$ (8,307,907)
Public safety	40,471,312	6,370,685	17,397,555	48,353	(16,654,719)
Public works	17,521,710	730,954	904,271	1,609,686	(14,276,799)
Health and welfare	858,276	1,473,698	-	-	615,422
Community and economic development	1,801,089	306,356	2,267,794	-	773,061
Recreation and culture	8,062,882	1,627,682	311,429	-	(6,123,771)
Interest on long-term debt	4,794,365	-	-	-	(4,794,365)
Total governmental activities	87,954,226	16,424,813	21,102,296	1,658,039	(48,769,078)
Business-type activities:					
Water and sewer	29,119,646	30,720,370	27,908	319,237	1,947,869
Parking	4,913,142	3,711,101	1,632,972	-	430,931
Recreation	2,350,686	2,218,567	15,914	-	(116,205)
Farmers market	595,863	560,247	11,743	-	(23,873)
Total business-type activities	36,979,337	37,210,285	1,688,537	319,237	2,238,722
Total primary government	\$ 124,933,563	\$ 53,635,098	\$ 22,790,833	\$ 1,977,276	\$ (46,530,356)
Component units					
Tax Increment Financing Authority	\$ 5,353,352	\$ -	\$ 69,250	\$ -	\$ (5,284,102)
Downtown Development Authority	85,616	-	-	-	(85,616)
Brownfield Redevelopment Authority	511,704	-	-	-	(511,704)
Total component units	\$ 5,950,672	\$ -	\$ 69,250	\$ -	\$ (5,881,422)

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net (expense) revenue	\$ (48,769,078)	\$ 2,238,722	\$ (46,530,356)	\$ (5,881,422)
General revenues:				
Property taxes	54,771,019	1,968,053	56,739,072	6,595,938
Unrestricted state shared revenues	16,391,190	-	16,391,190	-
Unrestricted investment earnings	681,355	-	681,355	137,941
Gain on sale of capital assets	45,228	-	45,228	-
Miscellaneous	198,019	-	198,019	-
Transfers	260,286	(260,286)	-	-
Total general revenues and transfers	72,347,097	1,707,767	74,054,864	6,733,879
<b>Change in net position</b>	23,578,019	3,946,489	27,524,508	852,457
Net position, beginning of year	95,008,591	113,544,725	208,553,316	3,719,183
<b>Net position, end of year</b>	<u>\$ 118,586,610</u>	<u>\$ 117,491,214</u>	<u>\$ 236,077,824</u>	<u>\$ 4,571,640</u>

concluded.

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

# CITY OF ROYAL OAK, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2023

	General	Public Safety	Local Streets	State Construction Code	Grants
<b>Assets</b>					
Cash and investments	\$ 15,604,394	\$ 13,955,929	\$ 5,556,657	\$ 15,471,051	\$ 1,580,336
Receivables, net	3,065,404	739,923	13,524	-	13,880
Due from other governmental units	1,150,862	8,276	322,101	-	-
Due from other funds	2,738,237	-	-	-	-
Prepaid items	137,540	3,600	-	-	-
Inventories	-	-	45,199	-	-
Restricted assets, cash	-	-	-	-	10,561,304
<b>Total assets</b>	<b>\$ 22,696,437</b>	<b>\$ 14,707,728</b>	<b>\$ 5,937,481</b>	<b>\$ 15,471,051</b>	<b>\$ 12,155,520</b>
<b>Liabilities</b>					
Accounts payable	\$ 753,761	\$ 135,140	\$ 1,677,170	\$ 4,252	\$ 27,160
Accrued and other liabilities	379,420	1,285,349	408,953	24,922	1,778
Due to other funds	-	-	-	-	-
Cash bonds and deposits	5,390,384	-	-	-	2,650
Unearned revenue	-	-	-	-	10,920,821
<b>Total liabilities</b>	<b>6,523,565</b>	<b>1,420,489</b>	<b>2,086,123</b>	<b>29,174</b>	<b>10,952,409</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	66,116	473,607	11,370	-	-
Deferred lease amounts	2,200,911	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,267,027</b>	<b>473,607</b>	<b>11,370</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>					
Nonspendable:					
Prepaid items	137,540	3,600	-	-	-
Inventories	-	-	45,199	-	-
Endowment	-	-	-	-	-
Restricted:					
PEG fees	965,731	-	-	-	-
Highways and streets	-	-	3,794,789	-	-
Solid waste	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Public safety	-	-	-	15,441,877	-
Grants	-	-	-	-	1,203,111
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Permanent fund	-	-	-	-	-
Opioid settlement	-	89,635	-	-	-
Committed for capital projects	-	-	-	-	-
Assigned:					
ARPA - enabled projects	524,060	10,923,517	-	-	-
Eligible retiree bank payouts	525,796	359,057	-	-	-
Public safety	-	1,437,823	-	-	-
Unassigned	11,752,718	-	-	-	-
<b>Total fund balances</b>	<b>13,905,845</b>	<b>12,813,632</b>	<b>3,839,988</b>	<b>15,441,877</b>	<b>1,203,111</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 22,696,437</b>	<b>\$ 14,707,728</b>	<b>\$ 5,937,481</b>	<b>\$ 15,471,051</b>	<b>\$ 12,155,520</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 14,120,234	\$ 66,288,601
3,644,545	7,477,276
1,598,513	3,079,752
-	2,738,237
15,375	156,515
229,901	275,100
1,015	10,562,319
<u>\$ 19,609,583</u>	<u>\$ 90,577,800</u>
\$ 1,607,731	\$ 4,205,214
585,896	2,686,318
453,685	453,685
-	5,393,034
2,594,627	13,515,448
<u>5,241,939</u>	<u>26,253,699</u>
982,579	1,533,672
-	2,200,911
<u>982,579</u>	<u>3,734,583</u>
15,375	156,515
229,901	275,100
1,015	1,015
-	965,731
7,231,136	11,025,925
3,145,816	3,145,816
1,271,020	1,271,020
-	15,441,877
-	1,203,111
16,092	16,092
34,345	34,345
11,412	11,412
-	89,635
1,428,953	1,428,953
-	11,447,577
-	884,853
-	1,437,823
-	11,752,718
<u>13,385,065</u>	<u>60,589,518</u>
<u>\$ 19,609,583</u>	<u>\$ 90,577,800</u>





# CITY OF ROYAL OAK, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2023

<b>Fund balances for governmental funds</b>	<b>\$ 60,589,518</b>
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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/amortized	86,267,302
Capital assets being depreciated/amortized, net	178,328,483
Less capital assets accounted for in internal service funds	(9,482,526)

The focus of governmental funds is on short-term financing. Accordingly, some  
assets will not be available to pay for current-period expenditures. Those  
assets (such as certain receivables) are offset by deferred outflows in the  
governmental funds, and thus are not included in fund balance.

Deferred long-term receivables	1,533,672
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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	26,963,440
Internal service fund net position accounted for in business-type activities	(5,673,315)

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	(1,172,219)
Bonds, notes and other long-term liabilities	(111,697,054)
Unamortized bond premiums	(2,349,640)
Deferred charge on refunding	8,968
Compensated absences	(3,767,975)

Certain pension and other postemployment benefit-related amounts, such as the net  
pension and other postemployment benefit liabilities and deferred amounts,  
are not due and payable in the current period or do not represent current  
financial resources, and therefore are not reported in the funds.

Net pension liability	(103,722,535)
Deferred outflows related to the net pension liability	9,434,829
Net other postemployment benefit liability	(9,642,412)
Deferred outflows related to the net other postemployment benefit liability	2,971,779
Deferred inflows related to the net other postemployment benefit liability	(3,705)

<b>Net position of governmental activities</b>	<b>\$ 118,586,610</b>
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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, 2023

	General	Public Safety	Local Streets	State Construction Code	Grants
<b>Revenues</b>					
Taxes	\$ 25,216,670	\$ 11,440,460	\$ 7,194,490	\$ -	\$ -
Licenses and permits	1,631,066	31,343	-	3,351,566	64,008
Federal grants	4,545,497	10,923,517	135,562	-	686,025
State grants	7,621,435	139,846	2,118,934	-	28,092
Charges for services	2,783,143	1,887,996	-	-	-
Fines and forfeitures	5,573,648	-	-	-	-
Interest and rentals	1,010,891	75,676	139,480	393,161	716,667
Contributions and donations	790,849	634,046	208,564	-	58,140
Other revenue	198,019	68,665	10,030	15,311	308
<b>Total revenues</b>	<b>49,371,218</b>	<b>25,201,549</b>	<b>9,807,060</b>	<b>3,760,038</b>	<b>1,553,240</b>
<b>Expenditures</b>					
Current:					
General government	13,079,286	-	-	-	321,763
Public safety	453,117	31,665,002	-	1,716,099	297,544
Public works	1,899,421	-	10,450,797	-	-
Health and welfare	-	885,031	-	-	-
Community and economic development	676,664	-	-	-	485
Recreation and culture	2,602,193	-	-	-	317,600
Debt service:					
Principal payments	1,338,334	2,238,315	1,414,329	-	-
Interest and paying agent fees	1,129,587	1,739,538	191,924	-	-
<b>Total expenditures</b>	<b>21,178,602</b>	<b>36,527,886</b>	<b>12,057,050</b>	<b>1,716,099</b>	<b>937,392</b>
Revenues over (under) expenditures	28,192,616	(11,326,337)	(2,249,990)	2,043,939	615,848
<b>Other financing sources (uses)</b>					
Issuance of other long-term liabilities	45,797	125,083	-	-	-
Transfers in	102,576	22,091,540	884,636	-	138,320
Transfers out	(25,211,470)	(36,750)	-	(3,000)	-
<b>Total other financing sources (uses)</b>	<b>(25,063,097)</b>	<b>22,179,873</b>	<b>884,636</b>	<b>(3,000)</b>	<b>138,320</b>
<b>Net change in fund balances</b>	<b>3,129,519</b>	<b>10,853,536</b>	<b>(1,365,354)</b>	<b>2,040,939</b>	<b>754,168</b>
Fund balances, beginning of year	10,776,326	1,960,096	5,205,342	13,400,938	448,943
<b>Fund balances, end of year</b>	<b>\$ 13,905,845</b>	<b>\$ 12,813,632</b>	<b>\$ 3,839,988</b>	<b>\$ 15,441,877</b>	<b>\$ 1,203,111</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,814,837	\$ 54,666,457
259,144	5,337,127
907,300	17,197,901
6,821,381	16,729,688
565,819	5,236,958
2,194	5,575,842
508,754	2,844,629
1,502,193	3,193,792
102,091	394,424
<u>21,483,713</u>	<u>111,176,818</u>
545,061	13,946,110
6,409	34,138,171
14,728,654	27,078,872
-	885,031
933,049	1,610,198
4,451,773	7,371,566
2,008,696	6,999,674
<u>1,782,271</u>	<u>4,843,320</u>
<u>24,455,913</u>	<u>96,872,942</u>
<u>(2,972,200)</u>	<u>14,303,876</u>
37,764	208,644
3,328,248	26,545,320
<u>(1,200,114)</u>	<u>(26,451,334)</u>
<u>2,165,898</u>	<u>302,630</u>
(806,302)	14,606,506
<u>14,191,367</u>	<u>45,983,012</u>
<u>\$ 13,385,065</u>	<u>\$ 60,589,518</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, 2023

**Net change in fund balances - total governmental funds** \$ 14,606,506

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/amortization expense.

Capital assets purchased/constructed	13,522,140
Depreciation/amortization expense	(5,681,341)

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	104,553
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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 bonds and other long-term liabilities	6,999,674
Proceeds from other long-term liabilities	(208,644)

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	48,955
Amortization of bond premium	143,987
Amortization of deferred charge on refunding	(16,614)
Change in the net pension liability and related deferred amounts	(5,631,582)
Change in other postemployment benefit liability and related deferred amounts	(2,264,190)
Change in compensated absences	81,972

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	2,420,701
Internal service fund change in net position accounted for in business-type activities	(548,098)

**Change in net position of governmental activities** \$ 23,578,019

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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 22,796,000	\$ 24,967,840	\$ 25,216,670	\$ 248,830
Licenses and permits	1,686,000	1,700,000	1,631,066	(68,934)
Federal grants	4,000,000	4,000,000	4,545,497	545,497
State grants	6,735,450	6,942,460	7,621,435	678,975
Charges for services	2,729,000	2,930,000	2,783,143	(146,857)
Fines and forfeitures	8,283,000	5,715,000	5,573,648	(141,352)
Interest and rentals	379,250	1,473,750	1,010,891	(462,859)
Contributions and donations	782,000	907,000	790,849	(116,151)
Other revenue	71,000	299,680	198,019	(101,661)
<b>Total revenues</b>	<b>47,461,700</b>	<b>48,935,730</b>	<b>49,371,218</b>	<b>435,488</b>
<b>Expenditures</b>				
Current:				
General government	14,465,932	13,943,432	13,079,286	(864,146)
Public safety	436,756	462,496	453,117	(9,379)
Public works	1,774,618	1,939,618	1,899,421	(40,197)
Community and economic development	816,906	826,906	676,664	(150,242)
Recreation and culture	2,318,773	2,908,773	2,602,193	(306,580)
Debt service:				
Principal payments	1,330,000	1,330,000	1,338,334	8,334
Interest and paying agent fees	1,130,000	1,130,000	1,129,587	(413)
<b>Total expenditures</b>	<b>22,272,985</b>	<b>22,541,225</b>	<b>21,178,602</b>	<b>(1,362,623)</b>
Revenues over expenditures	25,188,715	26,394,505	28,192,616	1,798,111
<b>Other financing sources (uses)</b>				
Issuance of other long-term liabilities	-	-	45,797	45,797
Transfers in	-	382,100	102,576	(279,524)
Transfers out	(25,410,970)	(25,211,470)	(25,211,470)	-
<b>Total other financing sources (uses)</b>	<b>(25,410,970)</b>	<b>(24,829,370)</b>	<b>(25,063,097)</b>	<b>(233,727)</b>
<b>Net change in fund balance</b>	<b>(222,255)</b>	<b>1,565,135</b>	<b>3,129,519</b>	<b>1,564,384</b>
Fund balance, beginning of year	10,776,326	10,776,326	10,776,326	-
<b>Fund balance, end of year</b>	<b>\$ 10,554,071</b>	<b>\$ 12,341,461</b>	<b>\$ 13,905,845</b>	<b>\$ 1,564,384</b>

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

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Public Safety Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 11,380,000	\$ 11,380,000	\$ 11,440,460	\$ 60,460
Licenses and permits	23,000	30,000	31,343	1,343
Federal grants	-	-	10,923,517	10,923,517
State grants	125,000	140,000	139,846	(154)
Charges for services	1,769,790	2,020,630	1,887,996	(132,634)
Interest and rentals	200	60,000	75,676	15,676
Contributions and donations	540,000	540,000	634,046	94,046
Other revenue	30,000	50,000	68,665	18,665
<b>Total revenues</b>	<u>13,867,990</u>	<u>14,220,630</u>	<u>25,201,549</u>	<u>10,980,919</u>
<b>Expenditures</b>				
Current:				
Public safety	31,505,131	33,024,861	31,665,002	(1,359,859)
Health and welfare	877,105	879,645	885,031	5,386
Debt service:				
Principal payments	2,034,700	2,034,700	2,238,315	203,615
Interest and paying agent fees	1,726,300	1,726,300	1,739,538	13,238
<b>Total expenditures</b>	<u>36,143,236</u>	<u>37,665,506</u>	<u>36,527,886</u>	<u>(1,137,620)</u>
Revenues under expenditures	<u>(22,275,246)</u>	<u>(23,444,876)</u>	<u>(11,326,337)</u>	<u>12,118,539</u>
<b>Other financing sources (uses)</b>				
Issuance of other long-term liabilities	-	-	125,083	125,083
Transfers in	22,000,000	22,000,000	22,091,540	91,540
Transfers out	-	(36,750)	(36,750)	-
<b>Total other financing sources (uses)</b>	<u>22,000,000</u>	<u>21,963,250</u>	<u>22,179,873</u>	<u>216,623</u>
<b>Net change in fund balance</b>	<u>(275,246)</u>	<u>(1,481,626)</u>	<u>10,853,536</u>	<u>12,335,162</u>
Fund balance, beginning of year	<u>1,960,096</u>	<u>1,960,096</u>	<u>1,960,096</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,684,850</u>	<u>\$ 478,470</u>	<u>\$ 12,813,632</u>	<u>\$ 12,335,162</u>

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



## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 7,157,000	\$ 7,157,000	\$ 7,194,490	\$ 37,490
Federal grants	-	-	135,562	135,562
State grants	1,963,000	1,963,000	2,118,934	155,934
Interest and rentals	2,000	102,000	139,480	37,480
Contributions and donations	-	207,100	208,564	1,464
Other revenue	-	-	10,030	10,030
<b>Total revenues</b>	<u>9,122,000</u>	<u>9,429,100</u>	<u>9,807,060</u>	<u>377,960</u>
<b>Expenditures</b>				
Current -				
Public works	11,053,033	11,323,033	10,450,797	(872,236)
Debt service:				
Principal payments	1,415,000	1,415,000	1,414,329	(671)
Interest and paying agent fees	192,500	192,500	191,924	(576)
<b>Total expenditures</b>	<u>12,660,533</u>	<u>12,930,533</u>	<u>12,057,050</u>	<u>(873,483)</u>
Revenues under expenditures	(3,538,533)	(3,501,433)	(2,249,990)	1,251,443
<b>Other financing sources</b>				
Transfers in	-	-	884,636	884,636
<b>Net change in fund balance</b>	<u>(3,538,533)</u>	<u>(3,501,433)</u>	<u>(1,365,354)</u>	<u>2,136,079</u>
Fund balance, beginning of year	<u>5,205,342</u>	<u>5,205,342</u>	<u>5,205,342</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,666,809</u>	<u>\$ 1,703,909</u>	<u>\$ 3,839,988</u>	<u>\$ 2,136,079</u>

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

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - State Construction Code Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 1,682,500	\$ 3,288,500	\$ 3,351,566	\$ 63,066
Interest and rentals	12,000	375,000	393,161	18,161
Other revenue	30,000	30,000	15,311	(14,689)
<b>Total revenues</b>	1,724,500	3,693,500	3,760,038	66,538
<b>Expenditures</b>				
Current -				
Public safety	2,282,572	2,332,572	1,716,099	(616,473)
Revenues over (under) expenditures	(558,072)	1,360,928	2,043,939	683,011
<b>Other financing uses</b>				
Transfers out	(3,000)	(3,000)	(3,000)	-
<b>Net change in fund balance</b>	(561,072)	1,357,928	2,040,939	683,011
Fund balance, beginning of year	13,400,938	13,400,938	13,400,938	-
<b>Fund balance, end of year</b>	<u>\$ 12,839,866</u>	<u>\$ 14,758,866</u>	<u>\$ 15,441,877</u>	<u>\$ 683,011</u>

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

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Grants Fund  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 55,000	\$ 65,000	\$ 64,008	\$ (992)
Federal grants	169,700	27,971,750	686,025	(27,285,725)
State grants	-	50,220	28,092	(22,128)
Interest and rentals	7,400	706,400	716,667	10,267
Contributions and donations	44,000	57,300	58,140	840
Other revenue	-	-	308	308
<b>Total revenues</b>	<u>276,100</u>	<u>28,850,670</u>	<u>1,553,240</u>	<u>(27,297,430)</u>
<b>Expenditures</b>				
Current:				
General government	175,000	295,840	321,763	25,923
Public safety	260,349	331,349	297,544	(33,805)
Community and economic development	-	-	485	485
Recreation and culture	-	317,600	317,600	-
<b>Total expenditures</b>	<u>435,349</u>	<u>944,789</u>	<u>937,392</u>	<u>(7,397)</u>
Revenues over (under) expenditures	<u>(159,249)</u>	<u>27,905,881</u>	<u>615,848</u>	<u>(27,290,033)</u>
<b>Other financing sources (uses)</b>				
Transfers in	90,000	138,500	138,320	(180)
Transfers out	-	(317,800)	-	(317,800)
<b>Total other financing sources (uses)</b>	<u>90,000</u>	<u>(179,300)</u>	<u>138,320</u>	<u>317,620</u>
<b>Net change in fund balance</b>	<u>(69,249)</u>	<u>27,726,581</u>	<u>754,168</u>	<u>(26,972,413)</u>
Fund balance, beginning of year	<u>448,943</u>	<u>448,943</u>	<u>448,943</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 379,694</u>	<u>\$ 28,175,524</u>	<u>\$ 1,203,111</u>	<u>\$ (26,972,413)</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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ -	\$ -	\$ 777,452	\$ 777,452	\$ 24,688,771
Receivables, net	10,018,245	3,930	217,464	10,239,639	694,627
Prepaid items	-	-	-	-	1,840,546
Inventories	452,084	21,313	-	473,397	150,503
Total current assets	10,470,329	25,243	994,916	11,490,488	27,374,447
Noncurrent assets:					
Due from other governmental units	158,627	-	-	158,627	-
Lease receivable	-	456,932	147,471	604,403	-
Capital assets not being depreciated/amortized	7,005,698	8,697,785	199,572	15,903,055	654,863
Capital assets being depreciated/amortized, net	92,694,516	37,086,591	4,787,570	134,568,677	8,827,663
Total noncurrent assets	99,858,841	46,241,308	5,134,613	151,234,762	9,482,526
<b>Total assets</b>	110,329,170	46,266,551	6,129,529	162,725,250	36,856,973
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	132,345	370,822	-	503,167	23,813
Deferred pension amounts	71,174	10,883	5,945	88,002	27,500
Deferred other postemployment benefit amounts	200,804	31,543	16,837	249,184	79,117
<b>Total deferred outflows of resources</b>	404,323	413,248	22,782	840,353	130,430
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,708,183	55,436	133,553	2,897,172	520,775
Accrued and other liabilities	460,662	311,016	22,119	793,797	453,315
Cash bonds and deposits	250	6,350	-	6,600	-
Due to other funds	1,971,805	312,747	-	2,284,552	-
Unearned revenue	-	-	7,380	7,380	-
Bonds payable, due within one year	2,864,682	2,792,622	62,786	5,720,090	368,400
Other long-term liabilities, current	-	-	-	-	612,875
Compensated absences, current	77,123	25,483	10,394	113,000	66,266
Total current liabilities	8,082,705	3,503,654	236,232	11,822,591	2,021,631
Noncurrent liabilities:					
Bonds payable	12,084,766	24,162,606	1,183,313	37,430,685	6,344,437
Other long-term liabilities	-	-	-	-	1,034,444
Compensated absences	77,628	25,649	10,462	113,739	64,320
Net pension liability	782,457	119,641	65,359	967,457	302,323
Net other postemployment benefit liability	651,542	102,347	54,630	808,519	256,710
Total noncurrent liabilities	13,596,393	24,410,243	1,313,764	39,320,400	8,002,234
<b>Total liabilities</b>	21,679,098	27,913,897	1,549,996	51,142,991	10,023,865
<b>Deferred inflows of resources</b>					
Deferred other postemployment benefit amounts	250	39	21	310	98
Deferred lease amounts	-	456,932	147,471	604,403	-
<b>Total deferred inflows of resources</b>	250	456,971	147,492	604,713	98
<b>Net position</b>					
Net investment in capital assets	93,694,033	19,760,544	4,987,142	118,441,719	9,207,813
Unrestricted (deficit)	(4,639,888)	(1,451,613)	(532,319)	(6,623,820)	17,755,627
<b>Total net position</b>	\$ 89,054,145	\$ 18,308,931	\$ 4,454,823	\$ 111,817,899	\$ 26,963,440

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, 2023

<b>Net position - total enterprise funds</b>	<b>\$ 111,817,899</b>
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Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in  
governmental-type internal service funds

5,673,315
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<b>Net position of business-type activities</b>	<b><u>\$ 117,491,214</u></b>
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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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues</b>					
Charges for services	\$ 30,699,304	\$ 3,699,976	\$ 2,749,734	\$ 37,149,014	\$ 20,142,171
Other	21,066	11,125	29,080	61,271	1,487,210
<b>Total operating revenues</b>	<u>30,720,370</u>	<u>3,711,101</u>	<u>2,778,814</u>	<u>37,210,285</u>	<u>21,629,381</u>
<b>Operating expenses</b>					
Salaries and benefits	2,537,047	619,062	416,611	3,572,720	13,962,619
Supplies	610,378	61,612	142,962	814,952	1,154,131
Sewage disposal services	13,654,789	-	-	13,654,789	-
Other services and charges	8,755,693	2,060,736	2,139,935	12,956,364	2,302,899
Depreciation/amortization	3,437,465	1,236,158	250,927	4,924,550	1,725,240
<b>Total operating expenses</b>	<u>28,995,372</u>	<u>3,977,568</u>	<u>2,950,435</u>	<u>35,923,375</u>	<u>19,144,889</u>
Operating income (loss)	<u>1,724,998</u>	<u>(266,467)</u>	<u>(171,621)</u>	<u>1,286,910</u>	<u>2,484,492</u>
<b>Nonoperating revenues (expenses)</b>					
Taxes	1,968,053	-	-	1,968,053	-
Federal grants	-	1,000,000	-	1,000,000	-
State grants	319,237	-	-	319,237	-
Interest income	27,908	38,424	27,657	93,989	-
Contributions	-	594,548	-	594,548	-
Interest expense	(572,884)	(979,936)	(51,240)	(1,604,060)	(275,319)
Gain on sale of capital assets	-	-	-	-	45,228
<b>Total nonoperating revenues (expenses)</b>	<u>1,742,314</u>	<u>653,036</u>	<u>(23,583)</u>	<u>2,371,767</u>	<u>(230,091)</u>
Income (loss) before transfers	<u>3,467,312</u>	<u>386,569</u>	<u>(195,204)</u>	<u>3,658,677</u>	<u>2,254,401</u>
<b>Transfers</b>					
Transfers in	14,114	-	-	14,114	166,300
Transfers out	(134,250)	-	(140,150)	(274,400)	-
<b>Net transfers</b>	<u>(120,136)</u>	<u>-</u>	<u>(140,150)</u>	<u>(260,286)</u>	<u>166,300</u>
<b>Change in net position</b>	<u>3,347,176</u>	<u>386,569</u>	<u>(335,354)</u>	<u>3,398,391</u>	<u>2,420,701</u>
Net position, beginning of year	<u>85,706,969</u>	<u>17,922,362</u>	<u>4,790,177</u>	<u>108,419,508</u>	<u>24,542,739</u>
<b>Net position, end of year</b>	<u>\$ 89,054,145</u>	<u>\$ 18,308,931</u>	<u>\$ 4,454,823</u>	<u>\$ 111,817,899</u>	<u>\$ 26,963,440</u>

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, 2023

<b>Change in net position - total enterprise funds</b>	\$ 3,398,391
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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

548,098
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<b>Change in net position of business-type activities</b>
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<u>\$ 3,946,489</u>
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The accompanying notes are an integral part of these financial statements.



# CITY OF ROYAL OAK, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 29,407,218	\$ 3,013,458	\$ 2,709,690	\$ 35,130,366	\$ -
Internal activity - receipts from other funds	-	-	-	-	20,142,171
Other operating receipts	21,066	11,125	29,080	61,271	1,487,210
Payments to vendors	(20,763,099)	(1,999,004)	(2,264,970)	(25,027,073)	(5,297,418)
Payments to employees	(2,429,731)	(608,989)	(410,517)	(3,449,237)	(13,888,427)
<b>Net cash provided by operating activities</b>	<u>6,235,454</u>	<u>416,590</u>	<u>63,283</u>	<u>6,715,327</u>	<u>2,443,536</u>
<b>Cash flows from noncapital financing activities</b>					
Tax revenues received	1,968,053	-	-	1,968,053	-
Grants received	319,237	1,000,000	-	1,319,237	-
Contributions and donations	-	594,548	-	594,548	-
Transfers from other funds	14,114	-	-	14,114	166,300
Transfers to other funds	(134,250)	-	(140,150)	(274,400)	-
Principal paid on bonds payable	(487,402)	(30,451)	(60,902)	(578,755)	(314,664)
Interest paid on bonds payable	(354,512)	(22,473)	(51,240)	(428,225)	(262,496)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>1,325,240</u>	<u>1,541,624</u>	<u>(252,292)</u>	<u>2,614,572</u>	<u>(410,860)</u>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(5,925,269)	(43,408)	(4,260)	(5,972,937)	(2,083,484)
Issuance of other long-term liabilities	-	-	-	-	629,005
Principal paid on bonds payable and other long-term liabilities	(2,296,465)	(2,616,844)	-	(4,913,309)	(216,854)
Interest paid on bonds payable and other long-term liabilities	(222,824)	(928,627)	-	(1,151,451)	(10,429)
Proceeds from sale of capital assets	-	-	-	-	148,510
<b>Net cash used in capital and related financing activities</b>	<u>(8,444,558)</u>	<u>(3,588,879)</u>	<u>(4,260)</u>	<u>(12,037,697)</u>	<u>(1,533,252)</u>
<b>Cash flows from investing activities</b>					
Interest received on investments	27,908	38,424	27,657	93,989	-
<b>Net change in cash and investments</b>	<u>(855,956)</u>	<u>(1,592,241)</u>	<u>(165,612)</u>	<u>(2,613,809)</u>	<u>499,424</u>
Cash and investments balances, beginning of year	855,956	1,592,241	943,064	3,391,261	24,189,347
<b>Cash and investments balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,452</u>	<u>\$ 777,452</u>	<u>\$ 24,688,771</u>

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 1,724,998	\$ (266,467)	\$ (171,621)	\$ 1,286,910	\$ 2,484,492
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization	3,437,465	1,236,158	250,927	4,924,550	1,725,240
Changes in assets and liabilities:					
Receivables, net	(1,310,010)	338,788	(35,824)	(1,007,046)	(666,614)
Lease receivable	-	-	20,245	20,245	-
Prepaid items	-	14,358	-	14,358	(428,361)
Inventories	(139,895)	3,921	-	(135,974)	105,484
Due from other governmental units	17,924	-	-	17,924	-
Deferred outflows related to the net pension liability	41,753	7,195	2,167	51,115	18,636
Deferred outflows related to the net other postemployment liability	243,605	49,311	15,396	308,312	103,509
Accounts payable	513,680	(158,707)	17,927	372,900	29,193
Accrued and other liabilities	(87,829)	(48,975)	(16,490)	(153,294)	(32,766)
Cash bonds and deposits	-	(7,301)	-	(7,301)	-
Due from other funds	1,971,805	312,747	-	2,284,552	-
Unearned revenue	-	(1,000,000)	(4,220)	(1,004,220)	-
Other long-term liabilities	-	-	-	-	(773,626)
Compensated absences	(16,923)	4,115	161	(12,647)	(27,122)
Net pension liability	(26,773)	(9,906)	7,228	(29,451)	(28,281)
Net other postemployment benefits liability	(108,022)	(35,846)	(462)	(144,330)	(55,425)
Deferred inflows related to the net other postemployment liability	(26,324)	(4,796)	(1,906)	(33,026)	(10,823)
Deferred inflows related to leases	-	(18,005)	(20,245)	(38,250)	-
<b>Net cash provided by operating activities</b>	<u>\$ 6,235,454</u>	<u>\$ 416,590</u>	<u>\$ 63,283</u>	<u>\$ 6,715,327</u>	<u>\$ 2,443,536</u>
<b>Noncash capital and related financing activities</b>					
Change in accounts payable related to capital asset additions	<u>\$ 435,188</u>	<u>\$ 1,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

concluded.

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

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and investments	\$ 510,182	\$ 4,011,000
Investments, at fair value:		
Mutual funds	175,523,409	-
Equities	94,166,127	-
Government obligations	2,500,668	-
Other assets	26,747,572	-
Receivables, net	117,713	-
<b>Total assets</b>	<b>299,565,671</b>	<b>4,011,000</b>
<b>Liabilities</b>		
Accounts payable	633,100	-
Undistributed receipts	-	3,618,249
Due to City of Berkley	-	10,504
Due to other governmental units	-	30
Bonds and deposits	-	145,496
<b>Total liabilities</b>	<b>633,100</b>	<b>3,774,279</b>
<b>Net position</b>		
Restricted for:		
Pension benefits	154,693,172	-
Other postemployment benefits	144,239,399	-
Individuals, organizations and other governments	-	236,721
<b>Total net position</b>	<b>\$ 298,932,571</b>	<b>\$ 236,721</b>

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, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 9,963,680	\$ -
Plan members	996,518	-
Employee service purchases	43,481	-
Total contributions	<u>11,003,679</u>	<u>-</u>
Investment earnings:		
Net change in fair value of investments	20,966,564	-
Interest	291,825	-
Dividends	6,185,563	-
Other investment revenues	278,286	-
Total investment income	<u>27,722,238</u>	<u>-</u>
Less investment expenses	<u>1,866,573</u>	<u>-</u>
Net investment income	<u>25,855,665</u>	<u>-</u>
Taxes collected for other governments	-	85,149,794
Other additions	<u>-</u>	<u>1,226,477</u>
<b>Total additions</b>	<u>36,859,344</u>	<u>86,376,271</u>
<b>Deductions</b>		
Benefits	26,668,439	-
Refund of contributions	1,382,005	-
Administrative expenses	79,132	-
Payments of taxes to other governments	-	85,149,794
Other deductions	<u>-</u>	<u>1,061,804</u>
<b>Total deductions</b>	<u>28,129,576</u>	<u>86,211,598</u>
<b>Change in net position</b>	8,729,768	164,673
Net position, beginning of year	<u>290,202,803</u>	<u>72,048</u>
<b>Net position, end of year</b>	<u><u>\$ 298,932,571</u></u>	<u><u>\$ 236,721</u></u>

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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2023

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 2,880,360	\$ 121,602	\$ 463,860	\$ 3,465,822
Receivables, net	44,061	195	10,114	54,370
Prepaid items	210,700	-	-	210,700
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets being depreciated, net	359,009	-	-	359,009
<b>Total assets</b>	<b>4,337,105</b>	<b>121,797</b>	<b>473,974</b>	<b>4,932,876</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	3,476	3,713	-	7,189
Deferred other postemployment benefit amounts	9,709	10,644	-	20,353
<b>Total deferred outflows of resources</b>	<b>13,185</b>	<b>14,357</b>	<b>-</b>	<b>27,542</b>
<b>Liabilities</b>				
Accounts payable	152,874	175	76,476	229,525
Accrued and other liabilities	2,538	2,010	-	4,548
Long-term debt:				
Due within one year	3,020	1,980	-	5,000
Due in more than one year	2,779	1,822	-	4,601
Net pension liability (due in more than one year)	38,218	40,820	-	79,038
Net other postemployment benefit liability (due in more than one year)	31,505	34,536	-	66,041
<b>Total liabilities</b>	<b>230,934</b>	<b>81,343</b>	<b>76,476</b>	<b>388,753</b>
<b>Deferred inflows of resources</b>				
Deferred other postemployment benefit amounts	12	13	-	25
<b>Net position</b>				
Investment in capital assets	1,201,984	-	-	1,201,984
Unrestricted	2,917,360	54,798	397,498	3,369,656
<b>Total net position</b>	<b>\$ 4,119,344</b>	<b>\$ 54,798</b>	<b>\$ 397,498</b>	<b>\$ 4,571,640</b>

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, 2023

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Expenses</b>				
Tax Increment Financing Authority	\$ 5,353,352	\$ -	\$ -	\$ 5,353,352
Downtown Development Authority	-	85,616	-	85,616
Brownfield Redevelopment Authority	-	-	511,704	511,704
<b>Total expenses</b>	5,353,352	85,616	511,704	5,950,672
<b>Program revenues</b>				
Operating grants and contributions	69,250	-	-	69,250
<b>Net expense</b>	(5,284,102)	(85,616)	(511,704)	(5,881,422)
<b>General revenues</b>				
Property taxes	6,135,819	50,941	409,178	6,595,938
Unrestricted investment earnings	113,189	3,827	20,925	137,941
<b>Total general revenues</b>	6,249,008	54,768	430,103	6,733,879
<b>Change in net position</b>	964,906	(30,848)	(81,601)	852,457
<b>Net position, beginning of year</b>	3,154,438	85,646	479,099	3,719,183
<b>Net position, end of year</b>	\$ 4,119,344	\$ 54,798	\$ 397,498	\$ 4,571,640

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, 2023, the City expensed approximately \$5,914,000 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, 2023, the City expensed approximately \$5,047,000 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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 American Rescue Plan Act ("ARPA") grant.

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

The *custodial funds* are used to account for monies held by the City in a custodial 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.

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."

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

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

#### ***Inventories and Prepaid Items***

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

#### ***Restricted Assets***

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

#### ***Capital Assets***

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

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

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

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

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### *Leases*

*Lessee.* The City is a lessee for noncancellable leases of land and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

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

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

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

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### ***Subscription-Based Information Technology Arrangements (SBITA)***

The City has noncancellable subscription-based information technology arrangements. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

#### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pension and other postemployment benefit liabilities as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

#### ***Compensated Absences***

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



## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### *Long-term Obligations*

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

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

#### *Deferred Inflows of Resources*

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

#### *Fund Balances*

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

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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.

## 2. BUDGETARY INFORMATION

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

Department heads submit requests for appropriations to the City Manager so that a budget may be prepared. The proposed budget is presented to the City Commission for review. The Commission holds public hearings, and a final budget must be prepared and adopted no later than June 30<sup>th</sup>. The appropriated budget is prepared by fund, activity, (e.g. general government, public safety, etc.) and department. Budget amendments are submitted for Commission approval on a quarterly basis. The Commission makes supplemental budgetary appropriations throughout the year mostly a result of the mid-year review.

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

## 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### *Expenditures in Excess of Appropriations*

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

	Final Budget	Actual	Excess
General fund -			
Principal payments	\$ 1,330,000	\$ 1,338,334	\$ 8,334

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### *Deficit Fund Equity*

The water and sewer enterprise fund reported a deficit in unrestricted net position in the amount of \$4,639,888 at June 30, 2023. The fund had total net position of \$89,054,145, as well as a positive working capital reserve at year end.

The automobile parking system enterprise fund reported a deficit in unrestricted net position in the amount of \$1,451,613 at June 30, 2023. The fund had total net position of \$18,308,931.

The recreation administration enterprise fund reported a deficit in unrestricted net position in the amount of \$970,022 at June 30, 2023. The fund had total net position of \$1,655,624, 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 \$91,017 at June 30, 2023. The fund had total net position of \$1,231,087, as well as a positive working capital reserve at year end.

#### 4. DEPOSITS AND INVESTMENTS

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

The City's investment policy allows for all of these types of investments. Investments of the City of Royal Oak Retirement System are subject to a number of restrictions as to type, quality and concentration of investments. Retirement System investments are held in a trust fund invested by SEI Investments Company. Retiree healthcare investments are held in trust funds by Fifth Third Bank and PGIM.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and investments	\$ 91,754,824	\$ 3,465,822	\$ 95,220,646
Restricted assets	10,562,319	-	10,562,319
	<u>102,317,143</u>	<u>3,465,822</u>	<u>105,782,965</u>
<b>Statement of Fiduciary Net Position</b>			
Pension and OPEB trust funds -			
Cash and Investments	299,447,958	-	299,447,958
Custodial funds -			
Cash and investments	4,011,000	-	4,011,000
	<u>303,458,958</u>	<u>-</u>	<u>303,458,958</u>
<b>Total</b>	<u>\$ 405,776,101</u>	<u>\$ 3,465,822</u>	<u>\$ 409,241,923</u>
<b>Deposits and investments</b>			
Bank deposits (checking and savings accounts, certificates of deposit)			\$ 56,416,214
Investments:			
Equities:			
Large cap global equities			11,347,773
Large cap domestic equities			51,298,884
Small and mid cap equities			17,807,146
Developed international equities			11,626,325
Emerging markets equities			5,601,967
Bond mutual funds			61,132,524
Equity mutual funds			94,166,127
Other mutual funds			11,944,825
U.S. agencies			15,728,724
Government obligations			3,002,030
Michigan CLASS government investment pool			35,664,805
Real estate			4,763,966
Money market funds			658
Commercial paper			772,852
Municipal bonds			1,214,680
Pooled investment fund:			
SEI Structured Credit Fund			10,933,488
SEI Core Property Collective Fund			14,359,704
SEI Global Private Assets			1,454,380
Cash on hand			<u>4,851</u>
<b>Total</b>			<u>\$ 409,241,923</u>

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### *Investment and Deposit Risk*

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

	Fair Value	Weighted Average Maturity (Years)
Bond mutual funds:		
Emerging markets debt	\$ 4,648,394	9.93
High yield	3,075,355	5.14
Core fixed income	25,630,066	9.47
Baird intermediate	19,272,998	3.85
Loomis Sayles	4,162,939	6.13
Pacific funds floating rate	4,342,772	0.39
Total	<u>\$ 61,132,524</u>	

**Credit Risk.** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The City's investments in the Michigan CLASS government investment pool were rated AAAm and U.S. agencies were rated AA 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, 2023, \$52,404,876 of the City's bank balance of \$54,918,035 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial Credit Risk – Investments.** As of June 30, 2023, the City's investments consisted of equities, mutual funds, government obligations and other assets totaling \$352,820,858. 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, 2023, 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.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*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.

The City had the following recurring fair value measurements as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Equities	\$ 97,682,095	\$ -	\$ -	\$ 97,682,095
Bond mutual funds	61,132,524	-	-	61,132,524
Equity mutual funds	94,166,127	-	-	94,166,127
Other mutual funds	11,944,825	-	-	11,944,825
U.S. agencies	-	15,728,724	-	15,728,724
Government bond funds	3,002,030	-	-	3,002,030
SEI global private assets	1,454,380	-	-	1,454,380
Real estate	-	-	4,763,966	4,763,966
Money market funds	-	658	-	658
Commercial paper	772,852	-	-	772,852
Municipal bonds	1,214,680	-	-	1,214,680
<b>Total investments at fair value</b>	<b>\$ 271,369,513</b>	<b>\$ 15,729,382</b>	<b>\$ 4,763,966</b>	<b>291,862,861</b>
<b>Investments measured at NAV</b>				
Michigan CLASS investment pool				35,664,805
SEI structured credit fund				10,933,488
SEI core property collective fund				14,359,704
<b>Total investments measured at NAV</b>				<b>60,957,997</b>
<b>Total investments</b>				<b>\$ 352,820,858</b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

At June 30, 2023, 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	\$ 35,664,805	\$ -	N/A	None
SEI Structured Credit Fund	10,933,488	-	N/A	None
SEI Core Property Collective Fund	14,359,704	-	N/A	None
Total	<u>\$ 60,957,997</u>	<u>\$ -</u>		

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	\$ 1,503,844	\$ 10,236,803	\$ -	\$ 288,183
Loans	2,594,627	-	-	2,594,627
Taxes (current)	-	-	4,933	-
Taxes (delinquent)	157,778	6,003	83,722	-
Special assessments	966,270	-	-	136,609
Leases	2,200,911	604,403	-	2,124,799
Intergovernmental	3,079,752	158,627	-	158,627
Interest and other	828,077	-	5,181	-
Less: allowance for uncollectibles	(79,604)	(3,167)	(39,466)	-
	<u>\$ 11,251,655</u>	<u>\$ 11,002,669</u>	<u>\$ 54,370</u>	<u>\$ 5,302,845</u>

#### 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 2,738,237	\$ -
Nonmajor governmental funds	-	453,685
Water and sewer fund	-	1,971,805
Automobile parking system fund	-	312,747
	<u>\$ 2,738,237</u>	<u>\$ 2,738,237</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$3,388,763. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

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



## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Transfers Out	Transfers In				
	General	Public Safety	Local Streets	Grants	Nonmajor Governmental Funds
General fund	\$ -	\$ 22,000,000	\$ -	\$ 138,320	\$ 3,073,150
Public safety	-	-	-	-	-
State construction code	-	-	-	-	3,000
Nonmajor governmental funds	56,966	-	884,636	-	244,398
Water and sewer fund	-	-	-	-	4,700
Nonmajor enterprise funds	45,610	91,540	-	-	3,000
	<u>\$ 102,576</u>	<u>\$ 22,091,540</u>	<u>\$ 884,636</u>	<u>\$ 138,320</u>	<u>\$ 3,328,248</u>

Transfers Out	Transfers In		
	Water & Sewer Fund	Internal Service Funds	Total
General fund	\$ -	\$ -	\$ 25,211,470
Public safety	-	36,750	36,750
State construction code	-	-	3,000
Nonmajor governmental funds	14,114	-	1,200,114
Water and sewer fund	-	129,550	134,250
Nonmajor enterprise funds	-	-	140,150
	<u>\$ 14,114</u>	<u>\$ 166,300</u>	<u>\$ 26,725,734</u>

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

#### Primary Government

Capital asset activity for the current year was as follows:

	Beginning Balance*	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 66,774,752	\$ 16,873	\$ -	\$ -	\$ 66,791,625
Construction in progress	18,178,913	13,594,510	-	(12,297,746)	19,475,677
	<u>84,953,665</u>	<u>13,611,383</u>	<u>-</u>	<u>(12,297,746)</u>	<u>86,267,302</u>
Capital assets, being depreciated/amortized:					
Buildings	63,216,310	-	-	45,793	63,262,103
Improvements other than buildings	25,192,295	-	-	2,682,264	27,874,559
Machinery and equipment	25,044,538	1,091,728	(1,401,817)	324,228	25,058,677
Infrastructure	172,558,330	-	-	9,245,461	181,803,791
Intangibles	114,143	64,863	-	-	179,006
Lease easement property (Note 9)	-	37,764	-	-	37,764
Lease equipment (Note 9)	-	45,797	-	-	45,797
Subscription assets (Note 10)	709,430	754,088	-	-	1,463,518
	<u>286,835,046</u>	<u>1,994,240</u>	<u>(1,401,817)</u>	<u>12,297,746</u>	<u>299,725,215</u>
Less accumulated depreciation/amortization for:					
Buildings	(17,645,303)	(1,330,122)	-	-	(18,975,425)
Improvements other than buildings	(4,030,632)	(1,155,254)	-	-	(5,185,886)
Machinery and equipment	(15,961,000)	(1,785,673)	1,298,535	-	(16,448,138)
Infrastructure	(77,540,385)	(2,805,683)	-	-	(80,346,068)
Intangibles	(111,366)	(2,654)	-	-	(114,020)
Lease easement property (Note 9)	-	(15,735)	-	-	(15,735)
Lease equipment (Note 9)	-	(9,159)	-	-	(9,159)
Subscription assets (Note 10)	-	(302,301)	-	-	(302,301)
	<u>(115,288,686)</u>	<u>(7,406,581)</u>	<u>1,298,535</u>	<u>-</u>	<u>(121,396,732)</u>
Total capital assets being depreciated/amortized, net	<u>171,546,360</u>	<u>(5,412,341)</u>	<u>(103,282)</u>	<u>12,297,746</u>	<u>178,328,483</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 256,500,025</u>	<u>\$ 8,199,042</u>	<u>\$ (103,282)</u>	<u>\$ -</u>	<u>\$ 264,595,785</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

\* The City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year. In accordance with this Statement, subscription assets have been added to the beginning balances shown above and corresponding subscription liabilities have been recorded for the same amount.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 8,902,503	\$ -	\$ -	\$ -	\$ 8,902,503
Construction in progress	5,232,585	3,998,415	-	(2,230,448)	7,000,552
	<u>14,135,088</u>	<u>3,998,415</u>	<u>-</u>	<u>(2,230,448)</u>	<u>15,903,055</u>
Capital assets, being depreciated:					
Buildings	64,248,798	43,408	-	-	64,292,206
Improvements other than buildings	558,146	-	-	-	558,146
Machinery and equipment	1,749,476	-	(18,320)	95,000	1,826,156
Infrastructure	153,656,717	1,931,114	-	2,135,448	157,723,279
	<u>220,213,137</u>	<u>1,974,522</u>	<u>(18,320)</u>	<u>2,230,448</u>	<u>224,399,787</u>
Less accumulated depreciation for:					
Buildings	(21,387,461)	(1,439,412)	-	-	(22,826,873)
Improvements other than buildings	(283,295)	(17,920)	-	-	(301,215)
Machinery and equipment	(1,391,833)	(42,210)	18,320	-	(1,415,723)
Infrastructure	(61,862,291)	(3,425,008)	-	-	(65,287,299)
	<u>(84,924,880)</u>	<u>(4,924,550)</u>	<u>18,320</u>	<u>-</u>	<u>(89,831,110)</u>
Total capital assets being depreciated, net	<u>135,288,257</u>	<u>(2,950,028)</u>	<u>-</u>	<u>2,230,448</u>	<u>134,568,677</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 149,423,345</u>	<u>\$ 1,048,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,471,732</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

#### Depreciation/amortization of governmental activities by function

General government	\$ 558,354
Public safety	861,311
Public works	2,822,451
Recreation and culture	1,439,225
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,725,240</u>

<b>Total depreciation/amortization expense - governmental activities</b>	<b><u>\$ 7,406,581</u></b>
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#### Depreciation of business-type activities by function

Water and sewer	\$ 3,437,465
Parking	1,236,158
Recreation	87,765
Ice arena	104,419
Farmers market	<u>58,743</u>

<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 4,924,550</u></b>
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#### Construction Commitments

The City has active construction projects as of June 30, 2023. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Buildings	\$ 198,858	\$ 16,657
Roads	17,639,818	12,611,675
Sidewalks	2,319,341	1,419,263
Water and sewer projects	<u>9,676,816</u>	<u>4,736,626</u>
Total	<u>\$ 29,834,833</u>	<u>\$ 18,784,221</u>

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - TIFA</b>				
Capital assets, not being depreciated -				
Land	\$ 842,975	\$ -	\$ -	\$ 842,975
Capital assets, being depreciated:				
Improvements other				
than buildings	1,525,821	-	-	1,525,821
Infrastructure	381,083	-	-	381,083
	<u>1,906,904</u>	<u>-</u>	<u>-</u>	<u>1,906,904</u>
Less accumulated depreciation for:				
Improvements other				
than buildings	(1,103,503)	(63,309)	-	(1,166,812)
Infrastructure	(381,083)	-	-	(381,083)
	<u>(1,484,586)</u>	<u>(63,309)</u>	<u>-</u>	<u>(1,547,895)</u>
Total capital assets				
being depreciated, net	<u>422,318</u>	<u>(63,309)</u>	<u>-</u>	<u>359,009</u>
<b>Component unit - TIFA</b>				
<b>capital assets, net</b>	<u>\$ 1,265,293</u>	<u>\$ (63,309)</u>	<u>\$ -</u>	<u>\$ 1,201,984</u>

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

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

	Beginning Balance*	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 125,175,805	\$ -	\$ (7,124,798)	\$ 118,051,007	\$ 7,043,327
Unamortized premium	2,504,666	-	(145,566)	2,359,100	145,563
Leases payable (Note 9)	-	83,561	(22,841)	60,720	28,947
Subscription liabilities (Note 10)	709,430	754,088	(383,553)	1,079,965	396,293
Compensated absences	4,007,655	2,568,818	(2,677,912)	3,898,561	1,950,949
General liability claims	1,532,980	144,944	(1,025,034)	652,890	326,445
Workers compensation	96,704	119,900	(13,436)	203,168	101,584
<b>Total governmental activities</b>	<b>\$ 134,027,240</b>	<b>\$ 3,671,311</b>	<b>\$ (11,393,140)</b>	<b>\$ 126,305,411</b>	<b>\$ 9,993,108</b>
<b>Business-type Activities</b>					
Bonds payable	\$ 43,722,199	\$ -	\$ (3,658,200)	\$ 40,063,999	\$ 3,781,674
Unamortized premium	460,730	-	(77,674)	383,056	77,676
Notes from direct borrowings and direct placements	4,537,584	-	(1,833,864)	2,703,720	1,860,740
Compensated absences	239,386	145,813	(158,460)	226,739	113,000
<b>Total business-type activities</b>	<b>\$ 48,959,899</b>	<b>\$ 145,813</b>	<b>\$ (5,728,198)</b>	<b>\$ 43,377,514</b>	<b>\$ 5,833,090</b>
<b>Component Units</b>					
Compensated absences	\$ 12,327	\$ 8,175	\$ (10,901)	\$ 9,601	\$ 5,000

\* The City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year. In accordance with this Statement, subscription liabilities have been added to the beginning balances shown above and corresponding subscription assets have been recorded for the same amount.

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, \$130,586 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 \$2,575,337 and \$969,691, respectively.

#### Governmental activities - bonds payable

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	\$ 447,570
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	265,200
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	74,913,990
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	12,779,247
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	1,250,000
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	28,395,000
<b>Total governmental activities bonds payable</b>	<b>\$ 118,051,007</b>

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

#### Business-type activities - bonds payable

2016 Capital Improvement Refunding Bonds; \$2,510,000 at issuance; payable in annual installments of \$130,000 to \$310,000; interest payable semi-annually at 3.50% to \$4.30% through May 2026	\$ 829,978
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	2,988,117
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	1,351,684
2016 Capital Improvement Refunding Bonds; \$3,941,422 at issuance; payable in annual installments of \$366,124 to \$410,000; interest payable semi-annually at 4.00% to 4.375% through October 2026	1,252,430
2016 Series B Parking System Revenue Bonds; \$13,500,000 at issuance; payable in annual installments of \$675,000 to \$1,165,000; interest payable semi-annually at 3.700% through October 2031	9,025,000
2017 Series A Other Postemployment Benefits Bonds; \$10,749,659 at issuance; payable in annual installments of \$328,957 to \$746,617; interest payable semi-annually at 1.163% to 4.524% through October 2037	8,451,041
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	3,390,749
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	12,775,000
	<u>40,063,999</u>



## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Business-type activities - contractual obligations

* 2000 George W. Kuhn Drainage District, Series C; \$23,797,479 at issuance; payable in annual installments of \$932,213 to \$1,489,514; interest payable semi-annually at 2.50% through April 2024	\$ 1,489,514
* 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	38,411
* 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	76,857
* 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	154,887
* 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	145,578
* 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>798,473</u>
	<u>2,703,720</u>
<b>Total business-type activities bonds payable and contractual obligations</b>	<b><u>\$ 42,767,719</u></b>
* Debt related to financing George W. Kuhn Drainage District capital improvements project.	

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities		Business-type Activities			
	Bonds Payable		Bonds Payable		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 7,043,327	\$ 4,655,573	\$ 3,781,674	\$ 1,327,535	\$ 1,860,740	\$ 86,607
2025	5,530,914	4,436,595	3,899,086	1,208,854	182,340	19,591
2026	5,737,715	4,241,554	4,002,284	1,079,026	187,143	15,509
2027	5,958,806	4,032,728	3,431,194	954,978	164,694	11,323
2028	6,192,293	3,811,644	3,552,707	836,722	167,635	7,463
2029-2033	34,843,717	15,187,337	15,231,289	2,445,798	141,168	3,529
2034-2038	43,189,235	7,267,593	6,165,765	520,853	-	-
2039-2043	9,555,000	1,480,000	-	-	-	-
	<u>\$ 118,051,007</u>	<u>\$ 45,113,024</u>	<u>\$ 40,063,999</u>	<u>\$ 8,373,766</u>	<u>\$ 2,703,720</u>	<u>\$ 144,022</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, 2023, the City's obligation is \$2,703,720 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 \$418,124,029 (10 percent of \$4,181,240,290 assessed valuation). The City's total debt subject to the 10 percent legal limit amounts to \$139,057,157 or 3.3 percent.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 9. LEASES

**Lessee** - The City is involved in two agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the City will not own the assets at the end of the contract term and the noncancelable term of the agreements surpasses one year.

The right-to-use asset and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Agreements
<b>Asset Type</b>	
Easement property	2 years
Equipment	4 years

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 28,947	\$ 1,553
2025	12,638	862
2026	9,426	574
2027	9,709	291
<b>Total</b>	<b>\$ 60,720</b>	<b>\$ 3,280</b>

**Lessor** - The City is involved in seven agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2023 was \$256,884.

	Remaining Term of Agreements
<b>Asset Type</b>	
Land and buildings	1-28 years

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in seven arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3.0 percent based on the City's incremental borrowing rate.

The right-to-use asset and the related activity are included in Note 7, Capital Assets. The subscription liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Arrangements
<b>Asset Type</b>	
Subscription assets	1-9 years

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 396,293	\$ 32,399
2025	161,687	20,511
2026	92,520	15,660
2027	96,658	12,884
2028	71,044	9,984
2029-2032	261,763	20,430
<b>Total</b>	<b>\$ 1,079,965</b>	<b>\$ 111,868</b>

### 11. 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.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

Changes in the reported liability for the fiscal years 2022 and 2023 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2022	\$ 1,041,980	\$ 655,326	\$ (164,326)	\$ 1,532,980
2023	1,532,980	144,944	(1,025,034)	652,890

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$450,000. Settlements have not exceeded coverage for each of the past three fiscal years.

Changes in the reported liability for the fiscal years 2022 and 2023 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2022	\$ 161,604	\$ 6,388	\$ (71,288)	\$ 96,704
2023	96,704	119,900	(13,436)	203,168

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Changes in the reported liability for the fiscal years 2022 and 2023 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2022	\$ 300,000	\$ 11,334,210	\$ (11,314,210)	\$ 320,000
2023	320,000	12,127,956	(12,097,956)	350,000

### 12. 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 11).

*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.

### 13. EMPLOYEES' RETIREMENT SYSTEM

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

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

*Rate of Return.* For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.39%. 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, 2022 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits	539
Terminated employees entitled to benefits but not yet receiving them	20
Current full-time employees	<u>194</u>
Total members	<u><u>753</u></u>



## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*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, 2023 is as follows:

Reserve / Group	Balance
Police and fire members benefit fund	\$ 122,287,608
General members benefit fund	103,238,997
Undistributed investment income fund	(70,833,433)

*Net Pension Liability.* The City's net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2022 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	<p>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.</p> <p>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.</p> <p>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.</p>

The actuarial assumptions used in the June 30, 2022 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, 2023, 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	29.00%	5.50%	1.60%
US small/mid cap equity index	7.00%	5.50%	0.39%
World equity ex-US	21.00%	6.80%	1.43%
Emerging markets equity	3.00%	7.17%	0.22%
US high yield	2.00%	5.32%	0.11%
Emerging markets debt	3.00%	6.25%	0.19%
Core fixed income	9.00%	4.04%	0.36%
Limited duration fixed income	8.00%	3.15%	0.25%
Private real estate	8.00%	4.80%	0.38%
Structured credit	5.00%	8.02%	0.40%
Global private assets	5.00%	10.11%	0.51%
	<u>100.00%</u>		<u>5.84%</u>
Inflation			2.50%
Risk adjustments			<u>-1.09%</u>
<b>Investment rate of return</b>			<u><u>7.25%</u></u>

*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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2022	\$ 256,116,944	\$ 151,680,635	\$ 104,436,309
Changes for the year:			
Service cost	3,013,022	-	3,013,022
Interest	17,941,574	-	17,941,574
Differences between expected and actual experience	2,999,881	-	2,999,881
Employer contributions	-	8,532,621	(8,532,621)
Employee contributions	-	996,518	(996,518)
Employee service purchases	-	43,481	(43,481)
Net investment income	-	13,794,482	(13,794,482)
Benefit payments, including refunds of employee contributions	(20,306,896)	(20,306,896)	-
Administrative expense	-	(47,669)	47,669
Net changes	3,647,581	3,012,537	635,044
<b>Balances at June 30, 2023</b>	<b>\$ 259,764,525</b>	<b>\$ 154,693,172</b>	<b>\$ 105,071,353</b>

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

Governmental activities	\$ 104,024,858
Business-type activities	967,457
Component units	79,038
<b>Total net pension liability</b>	<b>\$ 105,071,353</b>

The plan fiduciary net position as a percentage of the total pension liability is 59.55%.

*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:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's net pension liability	\$ 133,158,197	\$ 105,071,353	\$ 81,444,970

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is provided in Note 15.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Pension Expense and Deferred Outflows of Resources Related to Pensions.* For the year ended June 30, 2023, the City recognized pension expense of \$14,184,305. At June 30, 2023, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 6,837,707
Net difference between projected and actual earnings on pension plan investments	<u>2,719,813</u>
<b>Total</b>	<b><u>\$ 9,557,520</u></b>

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

	Deferred Outflows of Resources
Governmental activities	\$ 9,462,329
Business-type activities	88,002
Component units	<u>7,189</u>
<b>Total</b>	<b><u>\$ 9,557,520</u></b>

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

Year Ended June 30,	Amount
2024	\$ 3,039,564
2025	813,269
2026	6,342,384
2027	<u>(637,697)</u>
<b>Total</b>	<b><u>\$ 9,557,520</u></b>

*Payable to the Pension Plan.* At June 30, 2023, the City had no amount payable to the pension plan.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 14. 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, 2022 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	439
Inactive employees entitled to but not yet receiving benefits	1
Active employees	97
	<hr/>
<b>Total membership</b>	<b>537</b>
	<hr/> <hr/>

*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, 2023. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2023, 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, 2023, the City contributed \$1,431,059.

*Rate of Return.* For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### *Net OPEB Liability*

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2022 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0% to 5.2%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based tables that are specific to the type of eligibility condition
Healthcare cost trend rate	Pre-65: 7.50% trend for the first year, gradually decreasing to 3.50% in year 12. Post-65: 6.25% trend for the first year, gradually decreasing to 3.50% in year 12.
Mortality rates	Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

The actuarial assumptions used in the June 30, 2022 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, 2023 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%	5.37%	1.61%
Domestic small/mid	15.00%	6.53%	0.98%
International developed	15.00%	6.22%	0.93%
International emerging	5.00%	8.22%	0.41%
Domestic fixed income	15.00%	1.20%	0.18%
Real estate	10.00%	4.87%	0.49%
Private equity	10.00%	10.05%	1.01%
	<u>100.00%</u>		5.61%
Inflation			2.45%
Risk adjustments			<u>-0.81%</u>
<b>Investment rate of return</b>			<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.* The components of the change in the net OPEB liability are summarized as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balances at June 30, 2022	\$ 149,659,670	\$ 138,522,168	\$ 11,137,502
Changes for the year:			
Service cost	631,433	-	631,433
Interest on total OPEB liability	10,592,513	-	10,592,513
Differences between expected and actual experience	(6,901,502)	-	(6,901,502)
Changes in assumptions	8,774,515	-	8,774,515
Employer contributions	-	1,431,059	(1,431,059)
Net investment income	-	12,061,183	(12,061,183)
Benefit payments	(7,743,548)	(7,743,548)	-
Administrative expense	-	(31,463)	31,463
Net changes	5,353,411	5,717,231	(363,820)
<b>Balances at June 30, 2023</b>	<b>\$ 155,013,081</b>	<b>\$ 144,239,399</b>	<b>\$ 10,773,682</b>

The 2023 assumption changes resulted from a change in the healthcare cost trend rate.

The plan fiduciary net position as a percentage of the total OPEB liability is 93.05%.

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

Governmental activities	\$ 9,899,122
Business-type activities	808,519
Component units	66,041
<b>Total net OPEB liability</b>	<b>\$ 10,773,682</b>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability 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:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's net OPEB liability (asset)	\$ 28,537,709	\$ 10,773,682	\$ (4,048,849)



## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50% decreasing to 2.50%) or 1% higher (8.50% decreasing to 4.50%) than the current healthcare cost trend rates:

	1% Decrease (6.50% Decreasing to 2.50%)	Healthcare Cost Trend Rates (7.50% Decreasing to 3.50%)	1% Increase (8.50% Decreasing to 4.50%)
City's net OPEB liability (asset)	\$ (5,479,901)	\$ 10,773,682	\$ 30,149,157

*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 15.

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$3,949,960. At June 30, 2023, 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	\$ -	\$ 4,138	\$ (4,138)
Changes in assumptions	5,262	-	5,262
Net difference between projected and actual earnings on OPEB plan investments	3,315,171	-	3,315,171
<b>Total</b>	<b>\$ 3,320,433</b>	<b>\$ 4,138</b>	<b>\$ 3,316,295</b>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 3,050,896	\$ 3,803	\$ 3,047,093
Business-type activities	249,184	310	248,874
Component units	20,353	25	20,328
<b>Total</b>	<b>\$ 3,320,433</b>	<b>\$ 4,138</b>	<b>\$ 3,316,295</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Amount
2024	\$ 550,609
2025	(1,140,436)
2026	4,298,107
2027	<u>(391,985)</u>
<b>Total</b>	<b><u>\$ 3,316,295</u></b>

*Payable to the OPEB Plan.* At June 30, 2023, the City had no amount payable to the OPEB plan.

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

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
<b>Assets</b>			
Cash and investments	\$ 510,182	\$ -	\$ 510,182
Investments, at fair value:			
Mutual funds	127,519,942	48,003,467	175,523,409
Equities	-	94,166,127	94,166,127
Government obligations	-	2,500,668	2,500,668
Other assets	26,747,572	-	26,747,572
Receivables, net	<u>113,893</u>	<u>3,820</u>	<u>117,713</u>
<b>Total assets</b>	<u>154,891,589</u>	<u>144,674,082</u>	<u>299,565,671</u>
<b>Liabilities</b>			
Accounts payable	<u>198,417</u>	<u>434,683</u>	<u>633,100</u>
<b>Net position</b>			
Restricted for:			
Employees' pension benefits	154,693,172	-	154,693,172
Other postemployment benefits	<u>-</u>	<u>144,239,399</u>	<u>144,239,399</u>
<b>Total net position</b>	<u>\$ 154,693,172</u>	<u>\$ 144,239,399</u>	<u>\$ 298,932,571</u>

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

	Changes in Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 8,532,621	\$ 1,431,059	\$ 9,963,680
Plan members	996,518	-	996,518
Employee service purchases	43,481	-	43,481
Total contributions	9,572,620	1,431,059	11,003,679
Investment earnings:			
Net change in fair value of investments	11,595,804	9,370,760	20,966,564
Interest	-	291,825	291,825
Dividends	3,102,705	3,082,858	6,185,563
Other investment revenues	5	278,281	278,286
Total investment income	14,698,514	13,023,724	27,722,238
Less investment expense	904,032	962,541	1,866,573
Net investment income	13,794,482	12,061,183	25,855,665
<b>Total additions</b>	<b>23,367,102</b>	<b>13,492,242</b>	<b>36,859,344</b>
<b>Deductions</b>			
Benefits	18,924,891	7,743,548	26,668,439
Refund of contributions	1,382,005	-	1,382,005
Administrative expenses	47,669	31,463	79,132
<b>Total deductions</b>	<b>20,354,565</b>	<b>7,775,011</b>	<b>28,129,576</b>
<b>Change in net position</b>	<b>3,012,537</b>	<b>5,717,231</b>	<b>8,729,768</b>
Net position, beginning of year	151,680,635	138,522,168	290,202,803
<b>Net position, end of year</b>	<b>\$ 154,693,172</b>	<b>\$ 144,239,399</b>	<b>\$ 298,932,571</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 16. 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, 2023, there were 166 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, 2023, were \$486,069 by the employees and \$870,052 by the City.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2023, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated/amortized	\$ 86,267,302	\$ 15,903,055	\$ 842,975
Capital assets being depreciated/amortized, net	178,328,483	134,568,677	359,009
	<u>264,595,785</u>	<u>150,471,732</u>	<u>1,201,984</u>
Related debt:			
Bonds payable	118,051,007	40,063,999	-
Contractual obligations	-	2,703,720	-
Leases payable	60,720	-	-
Subscription liabilities	1,079,965	-	-
Less: pension and OPEB bonds	(87,693,237)	(11,841,790)	-
Bond premium	2,359,100	383,056	-
Deferred charge on refunding	(32,781)	(503,167)	-
Construction related payables	3,472,696	1,224,195	-
	<u>37,297,470</u>	<u>32,030,013</u>	<u>-</u>
<b>Net investment in capital assets</b>	<u><u>\$ 227,298,315</u></u>	<u><u>\$ 118,441,719</u></u>	<u><u>\$ 1,201,984</u></u>

#### 18. TAX ABATEMENTS

The City received reduced property tax revenues during 2023 as a result of brownfield redevelopment agreements entered into by the City.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$315,000 in reduced City tax revenues for 2023.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 19. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$22,594 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$67,040 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.150% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$389,659 and \$89,563 from the Distributors and Janssen, respectively.

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2023 is \$299,624.

Additional settlements with pharmacies and manufacturers were entered into during 2022, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of June 30 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

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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,				
	2023	2022	2021	2020	2019
<b>Change in total pension liability</b>					
Service cost	\$ 3,013,022	\$ 2,974,594	\$ 2,943,285	\$ 3,072,854	\$ 2,679,699
Interest	17,941,574	17,674,289	17,346,377	17,159,438	16,458,436
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	2,999,881	2,647,052	3,370,274	1,271,724	1,891,039
Changes in assumptions	-	-	-	-	21,018,018
Benefit payments, including refunds of member contributions	(20,306,896)	(18,949,950)	(19,355,449)	(18,366,037)	(17,491,531)
Other changes	-	-	-	-	-
<b>Net change in total pension liability</b>	<u>3,647,581</u>	<u>4,345,985</u>	<u>4,304,487</u>	<u>3,137,979</u>	<u>24,555,661</u>
<b>Total pension liability, beginning</b>	<u>256,116,944</u>	<u>251,770,959</u>	<u>247,466,472</u>	<u>244,328,493</u>	<u>219,772,832</u>
<b>Total pension liability, ending (a)</b>	<u>259,764,525</u>	<u>256,116,944</u>	<u>251,770,959</u>	<u>247,466,472</u>	<u>244,328,493</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	8,532,621	8,678,372	8,404,994	8,575,466	6,125,484
Contributions - member	996,518	894,197	893,838	914,884	943,151
Employee service purchases	43,481	708,859	-	105,389	102,167
Net investment income (loss)	13,794,482	(21,992,420)	42,574,039	4,488,484	8,537,229
Benefit payments, including refunds of member contributions	(20,306,896)	(18,949,950)	(19,355,449)	(18,367,647)	(17,491,531)
Administrative expense	(47,669)	(60,315)	(59,468)	(78,213)	(109,517)
<b>Net change in plan fiduciary net position</b>	<u>3,012,537</u>	<u>(30,721,257)</u>	<u>32,457,954</u>	<u>(4,361,637)</u>	<u>(1,893,017)</u>
<b>Plan fiduciary net position, beginning</b>	<u>151,680,635</u>	<u>182,401,892</u>	<u>149,943,938</u>	<u>154,305,575</u>	<u>156,198,592</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>154,693,172</u>	<u>151,680,635</u>	<u>182,401,892</u>	<u>149,943,938</u>	<u>154,305,575</u>
<b>City's net pension liability, ending (a)-(b)</b>	<u>\$ 105,071,353</u>	<u>\$ 104,436,309</u>	<u>\$ 69,369,067</u>	<u>\$ 97,522,534</u>	<u>\$ 90,022,918</u>
Plan fiduciary net position as a percentage of the total pension liability	59.55%	59.22%	72.45%	60.59%	63.15%
Covered payroll	\$ 20,882,373	\$ 18,715,849	\$ 18,814,459	\$ 18,916,060	\$ 18,517,659
City's net pension liability as a percentage of covered payroll	503.16%	558.01%	368.70%	515.55%	486.15%

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,				
2018	2017	2016	2015	2014
\$ 2,591,005	\$ 2,517,235	\$ 2,542,348	\$ 2,555,924	\$ 2,485,567
16,218,308	15,789,346	15,445,529	15,214,726	15,021,782
238,261	-	-	96,556	-
1,332,879	3,951,131	2,710,293	903,595	-
-	-	-	-	-
(17,237,196)	(16,388,754)	(16,109,768)	(15,462,071)	(14,643,773)
37,994	53,367	-	-	-
3,181,251	5,922,325	4,588,402	3,308,730	2,863,576
216,591,581	210,669,256	206,080,854	202,772,124	199,908,548
219,772,832	216,591,581	210,669,256	206,080,854	202,772,124
5,878,213	28,605,368	7,034,692	7,098,292	6,539,504
937,300	952,984	1,157,297	981,785	1,603,847
170,616	111,902	-	-	-
11,535,933	16,766,006	(3,312,904)	4,465,722	21,788,939
(17,237,196)	(16,388,754)	(16,109,768)	(15,462,070)	(14,644,935)
(57,159)	(71,470)	(99,672)	(71,374)	(49,691)
1,227,707	29,976,036	(11,330,355)	(2,987,645)	15,237,664
154,970,885	124,994,849	136,325,204	139,312,849	124,075,185
156,198,592	154,970,885	124,994,849	136,325,204	139,312,849
\$ 63,574,240	\$ 61,620,696	\$ 85,674,407	\$ 69,755,650	\$ 63,459,275
71.07%	71.55%	59.33%	66.15%	68.70%
\$ 18,885,808	\$ 16,079,024	\$ 15,845,062	\$ 15,391,242	\$ 15,296,167
336.62%	383.24%	540.70%	453.22%	414.87%

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System

#### Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2014	\$ 6,480,707	\$ 6,539,504	\$ (58,797)	\$ 15,296,167	42.8%
2015	6,891,898	7,098,292	(206,394)	15,391,242	46.1%
2016	6,852,495	7,034,692	(182,197)	15,845,062	44.4%
2017	7,178,082	28,605,368	(21,427,286)	16,079,024	177.9%
2018	5,878,213	5,878,213	-	18,885,808	31.1%
2019	6,125,484	6,125,484	-	18,517,659	33.1%
2020	8,575,466	8,575,466	-	18,916,060	45.3%
2021	8,404,994	8,404,994	-	18,814,459	44.7%
2022	8,678,372	8,678,372	-	18,715,849	46.4%
2023	8,532,621	8,532,621	-	20,882,373	40.9%

#### Notes to Schedule of Contributions

Valuation Date June 30, 2022 (for determination of employer contributions for the 2023 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: 17 years, closed
	Police and Fire: 22 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 <sup>(1)</sup>
2014	17.98%
2015	3.24%
2016	-2.39%
2017	13.09%
2018	7.75%
2019	5.84%
2020	2.94%
2021	29.19%
2022	-12.42%
2023	9.39%

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

# 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,			
	2023	2022	2021	2020
<b>Total OPEB liability</b>				
Service cost	\$ 631,433	\$ 682,280	\$ 691,092	\$ 854,604
Interest on total OPEB liability	10,592,513	10,455,360	10,032,196	9,863,756
Difference between expected and actual experience	(6,901,502)	(1,481,728)	(1,393,664)	(645,224)
Changes in assumptions	8,774,515	-	4,288,384	-
Benefit payments	(7,743,548)	(7,733,894)	(7,819,881)	(7,516,243)
Other changes	-	-	-	-
<b>Net change in total OPEB liability</b>	<u>5,353,411</u>	<u>1,922,018</u>	<u>5,798,127</u>	<u>2,556,893</u>
Total OPEB liability, beginning of year	<u>149,659,670</u>	<u>147,737,652</u>	<u>141,939,525</u>	<u>139,382,632</u>
<b>Total OPEB liability, end of year</b>	<u>155,013,081</u>	<u>149,659,670</u>	<u>147,737,652</u>	<u>141,939,525</u>
<b>Plan fiduciary net position</b>				
Employer contributions	1,431,059	1,535,406	962,809	1,086,472
Net investment income (loss)	12,061,183	(12,031,582)	36,439,674	940,267
Benefit payments	(7,743,548)	(7,733,894)	(7,819,881)	(7,516,243)
Administrative expense	(31,463)	(21,973)	(37,268)	(23,795)
<b>Net change in plan fiduciary net position</b>	<u>5,717,231</u>	<u>(18,252,043)</u>	<u>29,545,334</u>	<u>(5,513,299)</u>
Plan fiduciary net position, beginning of year	<u>138,522,168</u>	<u>156,774,211</u>	<u>127,228,877</u>	<u>132,742,176</u>
<b>Plan fiduciary net position, end of year</b>	<u>144,239,399</u>	<u>138,522,168</u>	<u>156,774,211</u>	<u>127,228,877</u>
<b>Net OPEB liability (asset)</b>	<u>\$ 10,773,682</u>	<u>\$ 11,137,502</u>	<u>\$ (9,036,559)</u>	<u>\$ 14,710,648</u>
Plan fiduciary net position as a percentage of total OPEB liability	93.05%	92.56%	106.12%	89.64%
Covered payroll	\$ 10,603,701	\$ 10,818,348	\$ 11,642,228	\$ 12,401,383
Net OPEB liability (asset) as a percentage of covered payroll	101.60%	102.95%	-77.62%	118.62%

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 2023 assumption changes resulted from a change in the healthcare cost trend rate.



Fiscal Year Ended June 30,		
2019	2018	2017
\$ 727,780	\$ 703,060	\$ 733,901
9,494,786	9,329,723	9,160,807
(10,208,287)	(438,850)	(192,395)
20,859,970	-	-
(7,282,202)	(7,671,260)	(7,343,423)
-	294	-
13,592,047	1,922,967	2,358,890
125,790,585	123,867,618	121,508,728
139,382,632	125,790,585	123,867,618
743,637	716,492	119,383,923
6,574,025	7,408,631	3,439,452
(7,282,202)	(7,671,260)	(7,343,423)
(40,935)	(29,916)	(24,690)
(5,475)	423,947	115,455,262
132,747,651	132,323,704	16,868,442
132,742,176	132,747,651	132,323,704
\$ 6,640,456	\$ (6,957,066)	\$ (8,456,086)
95.24%	105.53%	106.83%
\$ 13,668,537	\$ 14,183,345	\$ 14,971,828
48.58%	-49.05%	-56.48%

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Other Postemployment Benefits Plan

#### Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as Percentage of Covered Payroll
2017	\$ 11,412,360	\$ 119,383,923	\$ (107,971,563)	\$ 14,971,828	797.4%
2018	389,082	716,492	(327,410)	14,183,345	5.1%
2019	369,967	743,637	(373,670)	13,668,537	5.4%
2020	1,021,651	1,086,472	(64,821)	12,401,383	8.8%
2021	940,979	962,809	(21,830)	11,642,228	8.3%
2022	1,498,790	1,535,406	(36,616)	10,818,348	14.2%
2023	1,390,614	1,431,059	(40,445)	10,603,701	13.5%

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

#### Notes to Schedule of Contributions

Valuation Date	June 30, 2020
Notes	Actuarially determined contribution amounts are calculated as of June 30 of even numbered years. The valuation date is 12 months prior to the fiscal year end of odd numbered fiscal years and 24 months prior to the fiscal year end of even numbered fiscal years.

Methods and assumptions used to determine contribution rates for 2022 (Based on the June 30, 2020 Valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	17 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.0% to 5.2%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Health care trend rates	Pre-65: 7.50% trend for the first year, gradually decreasing to 3.25% in year 12 Post-65: 6.25% trend for the first year, gradually decreasing to 3.25% in year 12
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment expenses are net of the investment returns; administrative expenses are included in the premium costs

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Other Postemployment Benefits Plan

##### Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
2017	5.73%
2018	5.52%
2019	5.09%
2020	0.71%
2021	29.40%
2022	-7.87%
2023	8.87%

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

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





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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds			
	Major Streets	Solid Waste	Community Development Block Grant	Publicity
<b>Assets</b>				
Cash and investments	\$ 7,554,830	\$ 3,433,348	\$ -	\$ 4,519
Receivables, net	33,247	11,892	2,594,627	53
Due from other governmental units	992,861	13,946	574,130	-
Prepaid items	13,292	-	-	-
Inventories	229,901	-	-	-
Restricted assets, cash	-	-	-	-
<b>Total assets</b>	<b>\$ 8,824,131</b>	<b>\$ 3,459,186</b>	<b>\$ 3,168,757</b>	<b>\$ 4,572</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,087,095	\$ 287,084	\$ 112,705	\$ -
Accrued and other liabilities	261,930	14,931	7,740	255
Due to other funds	-	-	453,685	-
Unearned revenue	-	-	2,594,627	-
<b>Total liabilities</b>	<b>1,349,025</b>	<b>302,015</b>	<b>3,168,757</b>	<b>255</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	777	11,355	-	53
<b>Fund balances</b>				
Nonspendable:				
Prepaid items	13,292	-	-	-
Inventories	229,901	-	-	-
Endowment	-	-	-	-
Restricted	7,231,136	3,145,816	-	4,264
Committed	-	-	-	-
<b>Total fund balances</b>	<b>7,474,329</b>	<b>3,145,816</b>	<b>-</b>	<b>4,264</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,824,131</b>	<b>\$ 3,459,186</b>	<b>\$ 3,168,757</b>	<b>\$ 4,572</b>

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Special Revenue Funds					Capital Projects
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Debt Service Fund	Special Assessments
\$ 333,435	\$ 714,169	\$ 307,970	\$ 51,629	\$ 16,092	\$ -
444	3,175	-	-	471	1,000,615
-	-	-	17,576	-	-
2,083	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 335,962</u>	<u>\$ 717,344</u>	<u>\$ 307,970</u>	<u>\$ 69,205</u>	<u>\$ 16,563</u>	<u>\$ 1,000,615</u>
\$ 19,239	\$ 28,717	\$ 3,686	\$ 69,205	\$ -	\$ -
9,332	27,810	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>28,571</u>	<u>56,527</u>	<u>3,686</u>	<u>69,205</u>	<u>-</u>	<u>-</u>
<u>479</u>	<u>3,174</u>	<u>-</u>	<u>-</u>	<u>471</u>	<u>966,270</u>
2,083	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
304,829	657,643	304,284	-	16,092	34,345
-	-	-	-	-	-
<u>306,912</u>	<u>657,643</u>	<u>304,284</u>	<u>-</u>	<u>16,092</u>	<u>34,345</u>
<u>\$ 335,962</u>	<u>\$ 717,344</u>	<u>\$ 307,970</u>	<u>\$ 69,205</u>	<u>\$ 16,563</u>	<u>\$ 1,000,615</u>

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Capital Projects		
	City Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 1,692,851	\$ 11,391	\$ 14,120,234
Receivables, net	-	21	3,644,545
Due from other governmental units	-	-	1,598,513
Prepaid items	-	-	15,375
Inventories	-	-	229,901
Restricted assets, cash	-	1,015	1,015
<b>Total assets</b>	<u>\$ 1,692,851</u>	<u>\$ 12,427</u>	<u>\$ 19,609,583</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 1,607,731
Accrued and other liabilities	263,898	-	585,896
Due to other funds	-	-	453,685
Unearned revenue	-	-	2,594,627
<b>Total liabilities</b>	<u>263,898</u>	<u>-</u>	<u>5,241,939</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	-	-	982,579
<b>Fund balances</b>			
Nonspendable:			
Prepaid items	-	-	15,375
Inventories	-	-	229,901
Endowment	-	1,015	1,015
Restricted	-	11,412	11,709,821
Committed	1,428,953	-	1,428,953
<b>Total fund balances</b>	<u>1,428,953</u>	<u>12,427</u>	<u>13,385,065</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,692,851</u>	<u>\$ 12,427</u>	<u>\$ 19,609,583</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, 2023

	Special Revenue Funds			
	Major Streets	Solid Waste	Community Development Block Grant	Publicity
<b>Revenues</b>				
Taxes	\$ -	\$ 7,378,564	\$ -	\$ 45,277
Licenses and permits	259,144	-	-	-
Federal grants	83,797	-	821,003	-
State grants	5,854,127	243,799	-	1,457
Charges for services	-	-	306,356	-
Fines and forfeitures	-	-	-	-
Interest and rentals	185,251	159,998	-	2,088
Contributions and donations	595,222	-	-	-
Other revenue	45,004	45,525	10,212	-
<b>Total revenues</b>	<u>7,022,545</u>	<u>7,827,886</u>	<u>1,137,571</u>	<u>48,822</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	6,222,756	8,288,445	-	-
Community and economic development	-	-	933,049	-
Recreation and culture	-	-	-	78,216
Debt service:				
Principal payments	99,402	136,020	-	-
Interest and paying agent fees	84,337	104,133	-	-
<b>Total expenditures</b>	<u>6,406,495</u>	<u>8,528,598</u>	<u>933,049</u>	<u>78,216</u>
Revenues over (under) expenditures	<u>616,050</u>	<u>(700,712)</u>	<u>204,522</u>	<u>(29,394)</u>
<b>Other financing sources (uses)</b>				
Issuance of other long-term liabilities	-	37,764	-	-
Transfers in	33,876	-	-	16,700
Transfers out	-	(3,000)	(204,522)	-
<b>Total other financing sources (uses)</b>	<u>33,876</u>	<u>34,764</u>	<u>(204,522)</u>	<u>16,700</u>
<b>Net change in fund balances</b>	<u>649,926</u>	<u>(665,948)</u>	<u>-</u>	<u>(12,694)</u>
Fund balances, beginning of year	<u>6,824,403</u>	<u>3,811,764</u>	<u>-</u>	<u>16,958</u>
<b>Fund balances, end of year</b>	<u>\$ 7,474,329</u>	<u>\$ 3,145,816</u>	<u>\$ -</u>	<u>\$ 4,264</u>

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Special Revenue Funds					Capital Projects
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Debt Service Fund	Special Assessments
\$ 623,687	\$ 2,765,417	\$ -	\$ -	\$ 1,892	\$ -
-	-	-	-	-	-
-	2,500	-	-	-	-
-	229,860	-	484,392	7,746	-
252,462	6,165	-	-	-	-
-	2,194	-	-	-	-
9,026	44,342	7,721	-	382	50,949
4,178	83,165	13,728	-	-	805,900
-	1,350	-	-	-	-
<u>889,353</u>	<u>3,134,993</u>	<u>21,449</u>	<u>484,392</u>	<u>10,020</u>	<u>856,849</u>
-	-	-	545,061	-	-
-	-	6,409	-	-	-
-	-	-	-	-	341
-	-	-	-	-	-
967,387	2,654,044	76,228	-	-	-
30,451	475,858	-	-	1,266,965	-
25,836	170,143	-	-	1,397,822	-
<u>1,023,674</u>	<u>3,300,045</u>	<u>82,637</u>	<u>545,061</u>	<u>2,664,787</u>	<u>341</u>
<u>(134,321)</u>	<u>(165,052)</u>	<u>(61,188)</u>	<u>(60,669)</u>	<u>(2,654,767)</u>	<u>856,508</u>
-	-	-	-	-	-
350,000	-	35,000	22,870	2,665,280	-
(3,000)	-	-	-	-	(862,420)
<u>347,000</u>	<u>-</u>	<u>35,000</u>	<u>22,870</u>	<u>2,665,280</u>	<u>(862,420)</u>
212,679	(165,052)	(26,188)	(37,799)	10,513	(5,912)
94,233	822,695	330,472	37,799	5,579	40,257
<u>\$ 306,912</u>	<u>\$ 657,643</u>	<u>\$ 304,284</u>	<u>\$ -</u>	<u>\$ 16,092</u>	<u>\$ 34,345</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, 2023

	Capital Projects		
	City Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 10,814,837
Licenses and permits	-	-	259,144
Federal grants	-	-	907,300
State grants	-	-	6,821,381
Charges for services	836	-	565,819
Fines and forfeitures	-	-	2,194
Interest and rentals	48,675	322	508,754
Contributions and donations	-	-	1,502,193
Other revenue	-	-	102,091
<b>Total revenues</b>	<b>49,511</b>	<b>322</b>	<b>21,483,713</b>
<b>Expenditures</b>			
Current:			
General government	-	-	545,061
Public safety	-	-	6,409
Public works	217,112	-	14,728,654
Community and economic development	-	-	933,049
Recreation and culture	675,892	6	4,451,773
Debt service:			
Principal payments	-	-	2,008,696
Interest and paying agent fees	-	-	1,782,271
<b>Total expenditures</b>	<b>893,004</b>	<b>6</b>	<b>24,455,913</b>
Revenues over (under) expenditures	(843,493)	316	(2,972,200)
<b>Other financing sources (uses)</b>			
Issuance of other long-term liabilities	-	-	37,764
Transfers in	204,522	-	3,328,248
Transfers out	(127,172)	-	(1,200,114)
<b>Total other financing sources (uses)</b>	<b>77,350</b>	<b>-</b>	<b>2,165,898</b>
<b>Net change in fund balances</b>	<b>(766,143)</b>	<b>316</b>	<b>(806,302)</b>
Fund balances, beginning of year	2,195,096	12,111	14,191,367
<b>Fund balances, end of year</b>	<b>\$ 1,428,953</b>	<b>\$ 12,427</b>	<b>\$ 13,385,065</b>

concluded.

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 234,000	\$ 234,000	\$ 259,144	\$ 25,144
Federal grants	-	83,000	83,797	797
State grants	5,661,000	5,661,000	5,854,127	193,127
Interest and rentals	5,000	129,875	185,251	55,376
Contributions and donations	19,130	594,255	595,222	967
Other revenue	10,000	30,300	45,004	14,704
<b>Total revenues</b>	<u>5,929,130</u>	<u>6,732,430</u>	<u>7,022,545</u>	<u>290,115</u>
<b>Expenditures</b>				
Current -				
Public works	8,874,597	8,974,597	6,222,756	(2,751,841)
Debt service:				
Principal payments	99,600	99,600	99,402	(198)
Interest and paying agent fees	84,900	84,900	84,337	(563)
<b>Total expenditures</b>	<u>9,059,097</u>	<u>9,159,097</u>	<u>6,406,495</u>	<u>(2,752,602)</u>
Revenues over (under) expenditures	(3,129,967)	(2,426,667)	616,050	3,042,717
<b>Other financing sources</b>				
Transfers in	-	-	33,876	33,876
<b>Net change in fund balance</b>	(3,129,967)	(2,426,667)	649,926	3,076,593
Fund balance, beginning of year	<u>6,824,403</u>	<u>6,824,403</u>	<u>6,824,403</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,694,436</u>	<u>\$ 4,397,736</u>	<u>\$ 7,474,329</u>	<u>\$ 3,076,593</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 7,326,000	\$ 7,326,000	\$ 7,378,564	\$ 52,564
State grants	83,000	83,000	243,799	160,799
Interest and rentals	9,000	9,000	159,998	150,998
Other revenue	50,000	50,000	45,525	(4,475)
<b>Total revenues</b>	<u>7,468,000</u>	<u>7,468,000</u>	<u>7,827,886</u>	<u>359,886</u>
<b>Expenditures</b>				
Current -				
Public works	8,239,782	8,375,782	8,288,445	(87,337)
Debt service:				
Principal payments	122,500	122,500	136,020	13,520
Interest and paying agent fees	103,500	103,500	104,133	633
<b>Total expenditures</b>	<u>8,465,782</u>	<u>8,601,782</u>	<u>8,528,598</u>	<u>(73,184)</u>
Revenues under expenditures	<u>(997,782)</u>	<u>(1,133,782)</u>	<u>(700,712)</u>	<u>433,070</u>
<b>Other financing sources (uses)</b>				
Issuance of other long-term liabilities	-	-	37,764	37,764
Transfers out	(153,000)	(153,000)	(3,000)	(150,000)
<b>Total other financing sources (uses)</b>	<u>(153,000)</u>	<u>(153,000)</u>	<u>34,764</u>	<u>187,764</u>
<b>Net change in fund balance</b>	<u>(1,150,782)</u>	<u>(1,286,782)</u>	<u>(665,948)</u>	<u>620,834</u>
Fund balance, beginning of year	<u>3,811,764</u>	<u>3,811,764</u>	<u>3,811,764</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,660,982</u>	<u>\$ 2,524,982</u>	<u>\$ 3,145,816</u>	<u>\$ 620,834</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 1,986,540	\$ 1,938,510	\$ 821,003	\$ (1,117,507)
Charges for services	240,000	240,000	306,356	66,356
Other revenue	12,510	162,370	10,212	(152,158)
<b>Total revenues</b>	2,239,050	2,340,880	1,137,571	(1,203,309)
<b>Expenditures</b>				
Current -				
Community and economic development	2,239,072	2,340,902	933,049	(1,407,853)
Revenues over (under) expenditures	(22)	(22)	204,522	204,544
<b>Other financing uses</b>				
Transfers out	-	-	(204,522)	204,522
<b>Net change in fund balance</b>	(22)	(22)	-	22
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	\$ (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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 48,000	\$ 48,000	\$ 45,277	\$ (2,723)
State grants	500	500	1,457	957
Interest and rentals	20	20	2,088	2,068
<b>Total revenues</b>	48,520	48,520	48,822	302
<b>Expenditures</b>				
Current -				
Recreation and culture	69,647	80,147	78,216	(1,931)
Revenues under expenditures	(21,127)	(31,627)	(29,394)	2,233
<b>Other financing sources</b>				
Transfers in	15,000	16,700	16,700	-
<b>Net change in fund balance</b>	(6,127)	(14,927)	(12,694)	2,233
Fund balance, beginning of year	16,958	16,958	16,958	-
<b>Fund balance, end of year</b>	<u>\$ 10,831</u>	<u>\$ 2,031</u>	<u>\$ 4,264</u>	<u>\$ 2,233</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ -	\$ 605,000	\$ 623,687	\$ 18,687
Charges for services	242,400	242,400	252,462	10,062
Interest and rentals	100	100	9,026	8,926
Contributions and donations	203,320	203,320	4,178	(199,142)
<b>Total revenues</b>	<u>445,820</u>	<u>1,050,820</u>	<u>889,353</u>	<u>(161,467)</u>
<b>Expenditures</b>				
Current -				
Recreation and culture	1,005,033	1,125,033	967,387	(157,646)
Debt service:				
Principal payments	30,600	30,600	30,451	(149)
Interest and paying agent fees	25,900	25,900	25,836	(64)
<b>Total expenditures</b>	<u>1,061,533</u>	<u>1,181,533</u>	<u>1,023,674</u>	<u>(157,859)</u>
Revenues under expenditures	<u>(615,713)</u>	<u>(130,713)</u>	<u>(134,321)</u>	<u>(3,608)</u>
<b>Other financing sources (uses)</b>				
Transfers in	600,000	388,000	350,000	(38,000)
Transfers out	(3,000)	(3,000)	(3,000)	-
<b>Total other financing sources (uses)</b>	<u>597,000</u>	<u>385,000</u>	<u>347,000</u>	<u>(38,000)</u>
<b>Net change in fund balance</b>	<u>(18,713)</u>	<u>254,287</u>	<u>212,679</u>	<u>(41,608)</u>
Fund balance, beginning of year	<u>94,233</u>	<u>94,233</u>	<u>94,233</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 75,520</u>	<u>\$ 348,520</u>	<u>\$ 306,912</u>	<u>\$ (41,608)</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 2,746,000	\$ 2,746,000	\$ 2,765,417	\$ 19,417
Federal grants	-	-	2,500	2,500
State grants	178,640	230,920	229,860	(1,060)
Charges for services	3,700	3,700	6,165	2,465
Fines and forfeitures	1,000	1,000	2,194	1,194
Interest and rentals	2,000	48,000	44,342	(3,658)
Contributions and donations	19,200	90,200	83,165	(7,035)
Other revenue	1,000	1,000	1,350	350
<b>Total revenues</b>	<u>2,951,540</u>	<u>3,120,820</u>	<u>3,134,993</u>	<u>14,173</u>
<b>Expenditures</b>				
Current -				
Recreation and culture	2,512,101	2,718,701	2,654,044	(64,657)
Debt service:				
Principal payments	476,000	476,000	475,858	(142)
Interest and paying agent fees	171,600	171,600	170,143	(1,457)
<b>Total expenditures</b>	<u>3,159,701</u>	<u>3,366,301</u>	<u>3,300,045</u>	<u>(66,256)</u>
<b>Net change in fund balance</b>	(208,161)	(245,481)	(165,052)	80,429
Fund balance, beginning of year	<u>822,695</u>	<u>822,695</u>	<u>822,695</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 614,534</u>	<u>\$ 577,214</u>	<u>\$ 657,643</u>	<u>\$ 80,429</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ -	\$ 5,700	\$ 7,721	\$ 2,021
Contributions and donations	-	12,300	13,728	1,428
<b>Total revenues</b>	-	18,000	21,449	3,449
<b>Expenditures</b>				
Current:				
Public safety	-	6,200	6,409	209
Recreation and culture	33,000	106,000	76,228	(29,772)
<b>Total expenditures</b>	33,000	112,200	82,637	(29,563)
Revenues under expenditures	(33,000)	(94,200)	(61,188)	33,012
<b>Other financing sources</b>				
Transfers in	35,000	35,000	35,000	-
<b>Net change in fund balance</b>	2,000	(59,200)	(26,188)	33,012
Fund balance, beginning of year	330,472	330,472	330,472	-
<b>Fund balance, end of year</b>	<u>\$ 332,472</u>	<u>\$ 271,272</u>	<u>\$ 304,284</u>	<u>\$ 33,012</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 598,230	\$ 598,230	\$ 484,392	\$ (113,838)
<b>Expenditures</b>				
Current -				
General government	620,700	620,700	545,061	(75,639)
Revenues under expenditures	(22,470)	(22,470)	(60,669)	(38,199)
<b>Other financing sources</b>				
Transfers in	22,470	22,470	22,870	400
<b>Net change in fund balance</b>	-	-	(37,799)	(37,799)
Fund balance, beginning of year	37,799	37,799	37,799	-
<b>Fund balance, end of year</b>	<u>\$ 37,799</u>	<u>\$ 37,799</u>	<u>\$ -</u>	<u>\$ (37,799)</u>



# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2023

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 95,425	\$ 52,472	\$ 156,732	\$ 472,823	\$ 777,452
Receivables, net	-	187,214	17,500	12,750	217,464
Total current assets	95,425	239,686	174,232	485,573	994,916
Noncurrent assets:					
Lease receivable	-	147,471	-	-	147,471
Capital assets not being depreciated/amortized	-	-	-	199,572	199,572
Capital assets being depreciated/amortized, net	-	2,625,646	1,322,104	839,820	4,787,570
Total noncurrent assets	-	2,773,117	1,322,104	1,039,392	5,134,613
<b>Total assets</b>	95,425	3,012,803	1,496,336	1,524,965	6,129,529
<b>Deferred outflows of resources</b>					
Deferred pension amounts	-	5,945	-	-	5,945
Deferred other postemployment benefits amounts	-	16,837	-	-	16,837
<b>Total deferred outflows of resources</b>	-	22,782	-	-	22,782
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	-	36,393	53,444	43,716	133,553
Accrued and other liabilities	-	18,714	2,892	513	22,119
Unearned revenue	-	-	-	7,380	7,380
Bonds payable, due within one year	-	52,322	10,464	-	62,786
Compensated absences, current	-	9,448	613	333	10,394
Total current liabilities	-	116,877	67,413	51,942	236,232
Noncurrent liabilities:					
Bonds payable	-	986,094	197,219	-	1,183,313
Compensated absences	-	9,509	617	336	10,462
Net pension liability	-	65,359	-	-	65,359
Net other postemployment benefits liability	-	54,630	-	-	54,630
Total noncurrent liabilities	-	1,115,592	197,836	336	1,313,764
<b>Total liabilities</b>	-	1,232,469	265,249	52,278	1,549,996
<b>Deferred inflows of resources</b>					
Deferred other postemployment benefits amounts	-	21	-	-	21
Deferred lease amounts	-	147,471	-	-	147,471
<b>Total deferred inflows of resources</b>	-	147,492	-	-	147,492
<b>Net position</b>					
Investment in capital assets	-	2,625,646	1,322,104	1,039,392	4,987,142
Unrestricted (deficit)	95,425	(970,022)	(91,017)	433,295	(532,319)
<b>Total net position</b>	\$ 95,425	\$ 1,655,624	\$ 1,231,087	\$ 1,472,687	\$ 4,454,823

# 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, 2023

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Operating revenues</b>					
Charges for services	\$ 294,027	\$ 553,916	\$ 1,348,510	\$ 553,281	\$ 2,749,734
Other	-	21,850	264	6,966	29,080
<b>Total operating revenues</b>	<u>294,027</u>	<u>575,766</u>	<u>1,348,774</u>	<u>560,247</u>	<u>2,778,814</u>
<b>Operating expenses</b>					
Salaries and benefits	52,673	342,992	13,963	6,983	416,611
Supplies	-	30,252	65,021	47,689	142,962
Other services and charges	102,002	262,160	1,283,787	491,986	2,139,935
Depreciation/amortization	-	87,765	104,419	58,743	250,927
<b>Total operating expenses</b>	<u>154,675</u>	<u>723,169</u>	<u>1,467,190</u>	<u>605,401</u>	<u>2,950,435</u>
Operating income (loss)	<u>139,352</u>	<u>(147,403)</u>	<u>(118,416)</u>	<u>(45,154)</u>	<u>(171,621)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	5,880	6,042	3,992	11,743	27,657
Interest expense	-	(42,700)	(8,540)	-	(51,240)
<b>Total nonoperating revenues (expenses)</b>	<u>5,880</u>	<u>(36,658)</u>	<u>(4,548)</u>	<u>11,743</u>	<u>(23,583)</u>
Income (loss) before transfers	145,232	(184,061)	(122,964)	(33,411)	(195,204)
<b>Transfers</b>					
Transfers out	(137,150)	-	(3,000)	-	(140,150)
<b>Change in net position</b>	8,082	(184,061)	(125,964)	(33,411)	(335,354)
Net position, beginning of year	87,343	1,839,685	1,357,051	1,506,098	4,790,177
<b>Net position, end of year</b>	<u>\$ 95,425</u>	<u>\$ 1,655,624</u>	<u>\$ 1,231,087</u>	<u>\$ 1,472,687</u>	<u>\$ 4,454,823</u>

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2023

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 294,027	\$ 516,928	\$ 1,348,510	\$ 550,225	\$ 2,709,690
Other operating receipts	-	21,850	264	6,966	29,080
Payments to vendors	(102,002)	(274,229)	(1,360,301)	(528,438)	(2,264,970)
Payments to employees	(52,673)	(336,335)	(14,519)	(6,990)	(410,517)
<b>Net cash provided by (used in) operating activities</b>	<u>139,352</u>	<u>(71,786)</u>	<u>(26,046)</u>	<u>21,763</u>	<u>63,283</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers to other funds	(137,150)	-	(3,000)	-	(140,150)
Principal paid on bonds payable	-	(50,752)	(10,150)	-	(60,902)
Interest paid on bonds payable	-	(42,700)	(8,540)	-	(51,240)
<b>Net cash used in noncapital financing activities</b>	<u>(137,150)</u>	<u>(93,452)</u>	<u>(21,690)</u>	<u>-</u>	<u>(252,292)</u>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	-	-	-	(4,260)	(4,260)
<b>Cash flows from investing activities</b>					
Interest received on investments	<u>5,880</u>	<u>6,042</u>	<u>3,992</u>	<u>11,743</u>	<u>27,657</u>
<b>Net change in cash and investments</b>	<u>8,082</u>	<u>(159,196)</u>	<u>(43,744)</u>	<u>29,246</u>	<u>(165,612)</u>
Cash and investments balances, beginning of year	<u>87,343</u>	<u>211,668</u>	<u>200,476</u>	<u>443,577</u>	<u>943,064</u>
<b>Cash and investments balances, end of year</b>	<u>\$ 95,425</u>	<u>\$ 52,472</u>	<u>\$ 156,732</u>	<u>\$ 472,823</u>	<u>\$ 777,452</u>

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# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2023

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ 139,352	\$ (147,403)	\$ (118,416)	\$ (45,154)	\$ (171,621)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/amortization	-	87,765	104,419	58,743	250,927
Changes in assets and liabilities:					
Receivables, net	-	(36,988)	-	1,164	(35,824)
Lease receivable	-	20,245	-	-	20,245
Deferred outflows related to the net pension liability	-	2,167	-	-	2,167
Deferred outflows related to the net other postemployment benefits liability	-	15,396	-	-	15,396
Accounts payable	-	18,183	(11,493)	11,237	17,927
Accrued and other liabilities	-	(15,824)	(506)	(160)	(16,490)
Unearned revenue	-	-	-	(4,220)	(4,220)
Compensated absences	-	58	(50)	153	161
Net pension liability	-	7,228	-	-	7,228
Net other postemployment benefits liability	-	(462)	-	-	(462)
Deferred inflows related to the net other postemployment benefits liability	-	(1,906)	-	-	(1,906)
Deferred inflows related to leases	-	(20,245)	-	-	(20,245)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 139,352</u>	<u>\$ (71,786)</u>	<u>\$ (26,046)</u>	<u>\$ 21,763</u>	<u>\$ 63,283</u>

concluded.

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Net Position

Internal Service Funds

June 30, 2023

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 4,656,564	\$ 12,592,164	\$ 2,056,817	\$ 3,914,194	\$ 1,469,032	\$ 24,688,771
Receivables, net	-	2,533	-	-	692,094	694,627
Prepaid items	16,436	-	-	1,356,198	467,912	1,840,546
Inventories	-	150,503	-	-	-	150,503
Total current assets	4,673,000	12,745,200	2,056,817	5,270,392	2,629,038	27,374,447
Noncurrent assets:						
Capital assets not being depreciated/amortized	-	654,863	-	-	-	654,863
Capital assets being depreciated/amortized, net	922,813	7,904,850	-	-	-	8,827,663
Total noncurrent assets	922,813	8,559,713	-	-	-	9,482,526
<b>Total assets</b>	5,595,813	21,304,913	2,056,817	5,270,392	2,629,038	36,856,973
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	-	23,813	-	-	-	23,813
Deferred pension amounts	5,851	21,649	-	-	-	27,500
Deferred other postemployment benefits amounts	17,836	61,281	-	-	-	79,117
<b>Total deferred outflows of resources</b>	23,687	106,743	-	-	-	130,430
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	104,663	366,182	19,442	11,815	18,673	520,775
Accrued and other liabilities	20,908	82,407	-	350,000	-	453,315
Bonds payable, due within one year	41,858	326,542	-	-	-	368,400
Other long-term liabilities, current	181,675	3,171	101,584	-	326,445	612,875
Compensated absences, current	31,184	35,082	-	-	-	66,266
Total current liabilities	380,288	813,384	121,026	361,815	345,118	2,021,631
Noncurrent liabilities:						
Bonds payable	788,875	5,555,562	-	-	-	6,344,437
Other long-term liabilities	595,181	11,234	101,584	-	326,445	1,034,444
Compensated absences	29,816	34,504	-	-	-	64,320
Net pension liability	64,320	238,003	-	-	-	302,323
Net other postemployment benefits liability	57,874	198,836	-	-	-	256,710
Total noncurrent liabilities	1,536,066	6,038,139	101,584	-	326,445	8,002,234
<b>Total liabilities</b>	1,916,354	6,851,523	222,610	361,815	671,563	10,023,865
<b>Deferred inflows of resources</b>						
Deferred other postemployment benefits amounts	22	76	-	-	-	98
<b>Net position</b>						
Net investment in capital assets	922,813	8,285,000	-	-	-	9,207,813
Unrestricted	2,780,311	6,275,057	1,834,207	4,908,577	1,957,475	17,755,627
<b>Total net position</b>	\$ 3,703,124	\$ 14,560,057	\$ 1,834,207	\$ 4,908,577	\$ 1,957,475	\$ 26,963,440

# 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, 2023

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Operating revenues</b>						
Charges for services	\$ 2,138,100	\$ 5,277,623	\$ 420,231	\$ 10,789,009	\$ 1,517,208	\$ 20,142,171
Other revenue	118,946	368,820	51,644	112,828	834,972	1,487,210
<b>Total operating revenues</b>	<u>2,257,046</u>	<u>5,646,443</u>	<u>471,875</u>	<u>10,901,837</u>	<u>2,352,180</u>	<u>21,629,381</u>
<b>Operating expenses</b>						
Salaries and benefits	504,683	1,106,087	223,893	12,127,956	-	13,962,619
Supplies	146,869	1,007,262	-	-	-	1,154,131
Other services and charges	793,699	595,730	134,937	2,395	776,138	2,302,899
Depreciation/amortization	215,459	1,509,781	-	-	-	1,725,240
<b>Total operating expenses</b>	<u>1,660,710</u>	<u>4,218,860</u>	<u>358,830</u>	<u>12,130,351</u>	<u>776,138</u>	<u>19,144,889</u>
Operating income (loss)	<u>596,336</u>	<u>1,427,583</u>	<u>113,045</u>	<u>(1,228,514)</u>	<u>1,576,042</u>	<u>2,484,492</u>
<b>Nonoperating revenues (expenses)</b>						
Interest expense	(34,160)	(241,159)	-	-	-	(275,319)
Gain on sale of capital assets	-	45,228	-	-	-	45,228
<b>Total nonoperating revenue (expenses)</b>	<u>(34,160)</u>	<u>(195,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,091)</u>
Income (loss) before transfers	562,176	1,231,652	113,045	(1,228,514)	1,576,042	2,254,401
<b>Transfers in</b>	<u>-</u>	<u>166,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,300</u>
<b>Change in net position</b>	562,176	1,397,952	113,045	(1,228,514)	1,576,042	2,420,701
Net position, beginning of year	<u>3,140,948</u>	<u>13,162,105</u>	<u>1,721,162</u>	<u>6,137,091</u>	<u>381,433</u>	<u>24,542,739</u>
<b>Net position, end of year</b>	<u>\$ 3,703,124</u>	<u>\$ 14,560,057</u>	<u>\$ 1,834,207</u>	<u>\$ 4,908,577</u>	<u>\$ 1,957,475</u>	<u>\$ 26,963,440</u>



# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2023

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Cash flows from operating activities</b>						
Internal activity - receipts from other funds	\$ 2,138,100	\$ 5,277,623	\$ 420,231	\$ 10,789,009	\$ 1,517,208	\$ 20,142,171
Other operating receipts	118,946	368,820	51,644	112,828	834,972	1,487,210
Payments to vendors	(1,017,502)	(1,270,603)	(46,723)	(76,519)	(2,886,071)	(5,297,418)
Payments to employees	(607,978)	(1,065,064)	(117,429)	(12,097,956)	-	(13,888,427)
<b>Net cash provided by (used in) operating activities</b>	<u>631,566</u>	<u>3,310,776</u>	<u>307,723</u>	<u>(1,272,638)</u>	<u>(533,891)</u>	<u>2,443,536</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	166,300	-	-	-	166,300
Principal paid on bonds payable	(40,602)	(274,062)	-	-	-	(314,664)
Interest paid on bonds payable	(29,964)	(232,532)	-	-	-	(262,496)
<b>Net cash used in noncapital financing activities</b>	<u>(70,566)</u>	<u>(340,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(410,860)</u>
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(629,005)	(1,454,479)	-	-	-	(2,083,484)
Issuance of other long-term liabilities	629,005	-	-	-	-	629,005
Principal paid on bonds payable and other long-term liabilities	(175,318)	(41,536)	-	-	-	(216,854)
Interest paid on bonds payable and other long-term liabilities	(4,196)	(6,233)	-	-	-	(10,429)
Proceeds from sale of capital assets	-	148,510	-	-	-	148,510
<b>Net cash used in capital and related financing activities</b>	<u>(179,514)</u>	<u>(1,353,738)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,533,252)</u>
<b>Net change in cash and investments</b>	<u>381,486</u>	<u>1,616,744</u>	<u>307,723</u>	<u>(1,272,638)</u>	<u>(533,891)</u>	<u>499,424</u>
Cash and investments balances, beginning of year	<u>4,275,078</u>	<u>10,975,420</u>	<u>1,749,094</u>	<u>5,186,832</u>	<u>2,002,923</u>	<u>24,189,347</u>
<b>Cash and investments balances, end of year</b>	<u>\$ 4,656,564</u>	<u>\$ 12,592,164</u>	<u>\$ 2,056,817</u>	<u>\$ 3,914,194</u>	<u>\$ 1,469,032</u>	<u>\$ 24,688,771</u>

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2023

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 596,336	\$ 1,427,583	\$ 113,045	\$ (1,228,514)	\$ 1,576,042	\$ 2,484,492
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation/amortization	215,459	1,509,781	-	-	-	1,725,240
Changes in assets and liabilities:						
Receivables, net	-	25,480	-	-	(692,094)	(666,614)
Prepaid items	38,564	-	78,165	(77,178)	(467,912)	(428,361)
Inventories	-	105,484	-	-	-	105,484
Deferred outflows related to the net pension liability	10,899	7,737	-	-	-	18,636
Deferred outflows related to the net other postemployment benefits liability	47,981	55,528	-	-	-	103,509
Accounts payable	(115,498)	201,425	10,049	3,054	(69,837)	29,193
Accrued and other liabilities	(26,397)	(36,369)	-	30,000	-	(32,766)
Other long-term liabilities	-	-	106,464	-	(880,090)	(773,626)
Compensated absences	(21,538)	(5,584)	-	-	-	(27,122)
Net pension liability	(55,709)	27,428	-	-	-	(28,281)
Net other postemployment benefits liability	(54,617)	(808)	-	-	-	(55,425)
Deferred inflows related to the net other postemployment benefits liability	(3,914)	(6,909)	-	-	-	(10,823)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 631,566</u>	<u>\$ 3,310,776</u>	<u>\$ 307,723</u>	<u>\$ (1,272,638)</u>	<u>\$ (533,891)</u>	<u>\$ 2,443,536</u>

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2023

	General Custodial	Tax Collection	44th District Court	Total
<b>Assets</b>				
Cash and investments	\$ 240,807	\$ 3,552,767	\$ 217,426	\$ 4,011,000
<b>Liabilities</b>				
Undistributed receipts	4,056	3,552,767	61,426	3,618,249
Due to City of Berkley	-	-	10,504	10,504
Due to other governmental units	30	-	-	30
Bonds and deposits	-	-	145,496	145,496
<b>Total liabilities</b>	<b>4,086</b>	<b>3,552,767</b>	<b>217,426</b>	<b>3,774,279</b>
<b>Net position</b>				
Restricted for individuals, organizations and other governments	\$ 236,721	\$ -	\$ -	\$ 236,721

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2023

	General Custodial	Tax Collection	44th District Court	Total
<b>Additions</b>				
Taxes collected for other governments	\$ -	\$ 85,149,794	\$ -	\$ 85,149,794
Other additions	274,280	-	952,197	1,226,477
<b>Total additions</b>	274,280	85,149,794	952,197	86,376,271
<b>Deductions</b>				
Payments of taxes to other governments	-	85,149,794	-	85,149,794
Other deductions	109,607	-	952,197	1,061,804
<b>Total deductions</b>	109,607	85,149,794	952,197	86,211,598
<b>Change in net position</b>	164,673	-	-	164,673
Net position, beginning of year	72,048	-	-	72,048
<b>Net position, end of year</b>	<u>\$ 236,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,721</u>

## CITY OF ROYAL OAK, MICHIGAN

### Balance Sheets

Component Units

June 30, 2023

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Assets</b>				
Cash and investments	\$ 2,880,360	\$ 121,602	\$ 463,860	\$ 3,465,822
Receivables, net	44,061	195	10,114	54,370
Prepaid items	210,700	-	-	210,700
<b>Total assets</b>	<u>\$ 3,135,121</u>	<u>\$ 121,797</u>	<u>\$ 473,974</u>	<u>\$ 3,730,892</u>
<b>Liabilities</b>				
Accounts payable	\$ 152,874	\$ 175	\$ 76,476	\$ 229,525
Accrued and other liabilities	2,538	2,010	-	4,548
<b>Total liabilities</b>	<u>155,412</u>	<u>2,185</u>	<u>76,476</u>	<u>234,073</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	44,061	194	4,933	49,188
<b>Fund balances</b>				
Nonspendable	210,700	-	-	210,700
Unassigned	2,724,948	119,418	392,565	3,236,931
<b>Total fund balances</b>	<u>2,935,648</u>	<u>119,418</u>	<u>392,565</u>	<u>3,447,631</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 3,135,121</u>	<u>\$ 121,797</u>	<u>\$ 473,974</u>	<u>\$ 3,730,892</u>

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
Component Units  
June 30, 2023

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Fund balances for component units</b>	\$ 2,935,648	\$ 119,418	\$ 392,565	\$ 3,447,631
Amounts reported for <i>component units</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.				
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets, net of accumulated depreciation	359,009	-	-	359,009
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	44,061	194	4,933	49,188
Certain liabilities, such as bonds payable, are not due, and payable in the current period, and therefore are not reported in the funds.				
Compensated absences	(5,799)	(3,802)	-	(9,601)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and related deferred amounts, are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.				
Net pension liability	(38,218)	(40,820)	-	(79,038)
Deferred outflows related to the pension liability	3,476	3,713	-	7,189
Net other postemployment benefit liability	(31,505)	(34,536)	-	(66,041)
Deferred outflows related to the net other postemployment benefit liability	9,709	10,644	-	20,353
Deferred inflows related to the net other postemployment benefit liability	(12)	(13)	-	(25)
<b>Net position for component units</b>	<u>\$ 4,119,344</u>	<u>\$ 54,798</u>	<u>\$ 397,498</u>	<u>\$ 4,571,640</u>

## CITY OF ROYAL OAK, MICHIGAN

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

Component Units

For the Year Ended June 30, 2023

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Revenues</b>				
Taxes	\$ 6,117,400	\$ 50,894	\$ 406,757	\$ 6,575,051
Interest and rentals	113,189	3,827	20,925	137,941
Contributions and donations	69,250	-	-	69,250
<b>Total revenues</b>	6,299,839	54,721	427,682	6,782,242
<b>Expenditures</b>				
Current -				
Community and economic development	5,290,986	65,256	511,704	5,867,946
<b>Change in fund balances</b>	1,008,853	(10,535)	(84,022)	914,296
Fund balances, beginning of year	1,926,795	129,953	476,587	2,533,335
<b>Fund balances, end of year</b>	<u>\$ 2,935,648</u>	<u>\$ 119,418</u>	<u>\$ 392,565</u>	<u>\$ 3,447,631</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, 2023

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Net change in fund balances - component units</b>	\$ 1,008,853	\$ (10,535)	\$ (84,022)	\$ 914,296
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	(63,309)	-	-	(63,309)
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.				
	18,418	47	2,421	20,886
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	(64)	2,790	-	2,726
Change in the net pension liability and related deferred amounts	3,769	(11,709)	-	(7,940)
Change in other postemployment benefit liability/asset and related deferred amounts	(2,761)	(11,441)	-	(14,202)
<b>Change in net position of component units</b>	<u>\$ 964,906</u>	<u>\$ (30,848)</u>	<u>\$ (81,601)</u>	<u>\$ 852,457</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 6,000,000	\$ 6,000,000	\$ 6,117,400	\$ 117,400
Interest and rentals	5,000	110,000	113,189	3,189
Contributions and donations	150,000	69,250	69,250	-
<b>Total revenues</b>	6,155,000	6,179,250	6,299,839	120,589
<b>Expenditures</b>				
Community and economic development	6,414,505	6,949,345	5,290,986	(1,658,359)
<b>Net change in fund balance</b>	(259,505)	(770,095)	1,008,853	1,778,948
Fund balance, beginning of year	1,926,795	1,926,795	1,926,795	-
<b>Fund balance, end of year</b>	<u>\$ 1,667,290</u>	<u>\$ 1,156,700</u>	<u>\$ 2,935,648</u>	<u>\$ 1,778,948</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 50,000	\$ 50,000	\$ 50,894	\$ 894
Interest and rentals	100	100	3,827	3,727
<b>Total revenues</b>	50,100	50,100	54,721	4,621
<b>Expenditures</b>				
Community and economic development	45,033	125,433	65,256	(60,177)
<b>Net change in fund balance</b>	5,067	(75,333)	(10,535)	64,798
Fund balance, beginning of year	129,953	129,953	129,953	-
<b>Fund balance, end of year</b>	<u>\$ 135,020</u>	<u>\$ 54,620</u>	<u>\$ 119,418</u>	<u>\$ 64,798</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 1,034,400	\$ 604,700	\$ 406,757	\$ (197,943)
Interest and rentals	100	20,200	20,925	725
<b>Total revenues</b>	1,034,500	624,900	427,682	(197,218)
<b>Expenditures</b>				
Community and economic development	1,036,100	624,900	511,704	(113,196)
<b>Net change in fund balance</b>	(1,600)	-	(84,022)	(84,022)
Fund balance, beginning of year	476,587	476,587	476,587	-
<b>Fund balance, end of year</b>	<u>\$ 474,987</u>	<u>\$ 476,587</u>	<u>\$ 392,565</u>	<u>\$ (84,022)</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
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	154
<b>Revenue Capacity</b>	These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	164
<b>Debt Capacity</b>	These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	170
<b>Demographic and Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	180
<b>Operating Information</b>	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	183

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,				
	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 126,120,881	\$ 132,341,007	\$ 147,194,839	\$ 162,548,501	\$ 164,150,728
Restricted	17,742,703	22,551,701	22,766,807	22,841,819	42,728,743
Unrestricted (deficit)	5,117,615	(51,921,632)	(53,192,731)	(123,384,259)	(134,860,007)
Total governmental activities net position	<u>148,981,199</u>	<u>102,971,076</u>	<u>116,768,915</u>	<u>62,006,061</u>	<u>72,019,464</u>
Business-type activities:					
Net investment in capital assets	74,792,125	78,110,713	85,228,498	86,510,191	95,264,335
Restricted	-	-	-	-	858,762
Unrestricted	19,884,780	13,660,160	12,647,786	13,468,325	8,206,149
Total business-type activities net position	<u>94,676,905</u>	<u>91,770,873</u>	<u>97,876,284</u>	<u>99,978,516</u>	<u>104,329,246</u>
Primary government:					
Net investment in capital assets	200,913,006	210,451,720	232,423,337	249,058,692	259,415,063
Restricted	17,742,703	22,551,701	22,766,807	22,841,819	43,587,505
Unrestricted (deficit)	25,002,395	(38,261,472)	(40,544,945)	(109,915,934)	(126,653,858)
Total primary government net position	<u>\$ 243,658,104</u>	<u>\$ 194,741,949</u>	<u>\$ 214,645,199</u>	<u>\$ 161,984,577</u>	<u>\$ 176,348,710</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.

Schedule 1  
UNAUDITED

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$ 172,140,496	\$ 183,352,675	\$ 201,877,607	\$ 217,042,279	\$ 227,298,315
43,889,577	45,330,003	38,406,593	35,238,663	37,680,638
(140,275,546)	(157,217,394)	(153,609,925)	(157,272,351)	(146,392,343)
<u>75,754,527</u>	<u>71,465,284</u>	<u>86,674,275</u>	<u>95,008,591</u>	<u>118,586,610</u>
99,639,992	104,316,911	109,245,957	112,941,252	118,441,719
-	-	-	-	-
7,334,227	3,795,149	1,360,873	603,473	(950,505)
<u>106,974,219</u>	<u>108,112,060</u>	<u>110,606,830</u>	<u>113,544,725</u>	<u>117,491,214</u>
271,780,488	287,669,586	311,123,564	329,983,531	345,740,034
43,889,577	45,330,003	38,406,593	35,238,663	37,680,638
(132,941,319)	(153,422,245)	(152,249,052)	(156,668,878)	(147,342,848)
<u>\$ 182,728,746</u>	<u>\$ 179,577,344</u>	<u>\$ 197,281,105</u>	<u>\$ 208,553,316</u>	<u>\$ 236,077,824</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,				
	2014	2015	2016	2017	2018
<b>Expenses</b>					
Governmental activities:					
General government	\$ 8,823,978	\$ 9,017,535	\$ 10,233,170	\$ 10,372,611	\$ 14,363,323
Public safety	29,807,897	29,965,336	33,545,346	34,856,261	29,394,734
Public works	11,870,834	13,295,707	11,803,571	12,216,069	15,108,477
Health and welfare	1,235,631	834,244	741,945	644,426	727,841
Community and economic development	1,381,937	1,444,432	1,442,994	2,371,971	1,263,096
Recreation and culture	3,612,171	3,762,240	4,056,345	3,953,833	4,006,934
Interest on long-term debt	445,709	431,845	385,521	1,994,475	4,836,981
Total governmental activities expenses	<u>57,178,157</u>	<u>58,751,339</u>	<u>62,208,892</u>	<u>62,208,892</u>	<u>69,701,386</u>
Business-type activities:					
Water and sewer	22,560,736	23,658,591	24,989,668	25,141,329	28,174,579
Parking	2,968,028	2,857,366	3,130,520	2,223,353	3,269,367
Recreation	2,195,258	2,229,514	2,146,622	1,927,746	2,764,962
Farmers market	426,141	471,484	516,110	531,140	574,689
Total business-type activities expenses	<u>28,150,163</u>	<u>29,216,955</u>	<u>30,782,920</u>	<u>30,782,920</u>	<u>34,783,597</u>
Total primary government expenses	<u>85,328,320</u>	<u>87,968,294</u>	<u>92,991,812</u>	<u>92,991,812</u>	<u>104,484,983</u>
<b>Program Revenues</b>					
Governmental activities:					
General government	5,723,862	5,862,692	7,009,130	7,179,495	7,399,361
Public safety	4,151,795	4,563,491	5,474,015	3,875,975	5,139,458
Public works	942,340	1,802,601	2,395,568	1,733,456	1,074,690
Health and welfare	1,053,817	891,010	1,108,659	1,059,388	1,145,601
Community and economic development	516,728	380,257	478,678	396,907	326,964
Recreation and culture	2,001,488	2,031,676	2,122,582	2,236,406	2,041,403
Charges for services	14,390,030	15,531,727	18,588,632	16,481,627	17,127,477
Operating grants and contributions	4,852,240	4,232,338	5,531,956	5,128,426	4,997,631
Capital grants and contributions	299,977	162,263	148,372	1,917,700	1,460,071
Total governmental activities program revenues	<u>19,542,247</u>	<u>19,926,328</u>	<u>24,268,960</u>	<u>23,527,753</u>	<u>23,585,179</u>
Business-type activities:					
Water and sewer	25,349,015	25,772,888	30,672,689	31,716,708	31,237,079
Parking	3,492,617	3,806,662	3,921,394	3,926,728	4,007,092
Recreation	2,189,652	2,275,535	2,373,123	2,558,056	2,345,541
Farmers market	477,974	495,244	482,662	488,660	573,426
Charges for services	31,509,258	32,350,329	37,449,868	38,690,152	38,163,138
Operating grants and contributions	634,047	635,612	440,016	354,180	968,812
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>32,143,305</u>	<u>32,985,941</u>	<u>37,889,884</u>	<u>39,044,332</u>	<u>39,131,950</u>
Total primary government program revenues	<u>51,685,552</u>	<u>52,912,269</u>	<u>62,158,844</u>	<u>62,572,085</u>	<u>62,717,129</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(37,635,910)	(38,825,011)	(37,939,932)	(42,881,893)	(46,116,207)
Business-type activities	3,993,142	3,768,986	7,106,964	9,220,764	4,348,353
Total primary government net expense	<u>(33,642,768)</u>	<u>(35,056,025)</u>	<u>(30,832,968)</u>	<u>(33,661,129)</u>	<u>(41,767,854)</u>

Schedule 2  
UNAUDITED

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$ 11,074,646	\$ 11,382,087	\$ 9,635,182	\$ 11,582,239	\$ 14,444,592
40,636,081	45,580,867	26,476,884	38,697,761	40,471,312
14,389,451	15,575,908	24,982,054	17,387,047	17,521,710
764,584	962,860	865,423	939,960	858,276
2,789,079	2,507,284	2,045,845	2,589,823	1,801,089
5,204,465	4,780,355	1,956,003	3,979,382	8,062,882
5,497,483	5,340,663	5,169,439	4,976,602	4,794,365
<u>80,355,789</u>	<u>86,130,024</u>	<u>71,130,830</u>	<u>80,152,814</u>	<u>87,954,226</u>
27,746,374	27,084,061	26,979,449	27,514,146	29,119,646
4,466,562	5,298,493	5,077,742	4,259,864	4,913,142
2,258,175	2,066,368	2,182,520	2,156,647	2,350,686
581,748	556,567	492,500	573,094	595,863
<u>35,052,859</u>	<u>35,005,489</u>	<u>34,732,211</u>	<u>34,503,751</u>	<u>36,979,337</u>
<u>115,408,648</u>	<u>121,135,513</u>	<u>105,863,041</u>	<u>114,656,565</u>	<u>124,933,563</u>
7,604,110	6,128,105	5,269,272	5,652,253	5,915,438
4,746,692	3,735,171	3,519,016	3,769,189	6,370,685
1,063,932	1,037,646	813,470	847,396	730,954
1,067,356	1,092,802	1,045,438	1,314,847	1,473,698
471,646	456,433	540,833	282,998	306,356
<u>1,988,743</u>	<u>1,782,524</u>	<u>1,520,595</u>	<u>1,700,454</u>	<u>1,627,682</u>
16,942,479	14,232,681	12,708,624	13,567,137	16,424,813
6,650,018	5,739,450	8,264,003	7,106,348	21,102,296
1,372,826	306,117	1,655,703	1,414,307	1,658,039
<u>24,965,323</u>	<u>20,278,248</u>	<u>22,628,330</u>	<u>22,087,792</u>	<u>39,185,148</u>
26,718,253	26,770,023	28,948,071	28,030,479	30,720,370
4,679,363	3,890,923	2,428,675	3,511,672	3,711,101
2,264,394	1,645,926	1,059,257	2,266,658	2,218,567
479,400	324,484	289,620	536,634	560,247
<u>34,141,410</u>	<u>32,631,356</u>	<u>32,725,623</u>	<u>34,345,443</u>	<u>37,210,285</u>
1,022,784	790,924	1,507,746	714,812	1,688,537
-	-	75,953	-	319,237
<u>35,164,194</u>	<u>33,422,280</u>	<u>34,309,322</u>	<u>35,060,255</u>	<u>39,218,059</u>
<u>60,129,517</u>	<u>53,700,528</u>	<u>56,937,652</u>	<u>57,148,047</u>	<u>78,403,207</u>
(55,390,466)	(65,851,776)	(48,502,500)	(58,065,022)	(48,769,078)
111,335	(1,583,209)	(422,889)	556,504	2,238,722
<u>(55,279,131)</u>	<u>(67,434,985)</u>	<u>(48,925,389)</u>	<u>(57,508,518)</u>	<u>(46,530,356)</u>

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

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

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 32,605,336	\$ 39,990,264	\$ 40,810,616	\$ 43,475,312	\$ 44,105,070
State-shared revenues	9,043,725	8,953,377	9,411,377	10,037,969	11,156,084
Unrestricted investment earnings (loss)	184,685	72,513	119,498	245,423	737,720
Gain on sale of capital assets	14,246	31,381	57,705	97,786	65,928
Miscellaneous	663,855	316,812	337,022	682,341	67,185
Transfers	(360,071)	2,380,968	1,001,553	(1,155,651)	(2,377)
Total governmental activities	<u>42,151,776</u>	<u>51,745,315</u>	<u>51,737,771</u>	<u>53,383,180</u>	<u>56,129,610</u>
Business-type activities:					
Property taxes	-	-	-	-	-
State shared revenues	-	-	-	-	-
Gain on sale of capital assets	26,077	272	-	-	-
Transfers	360,071	(2,380,968)	(1,001,553)	1,155,651	2,377
Total business-type activities	<u>386,148</u>	<u>(2,380,696)</u>	<u>(1,001,553)</u>	<u>1,155,651</u>	<u>2,377</u>
Total primary government	<u>42,537,924</u>	<u>49,364,619</u>	<u>50,736,218</u>	<u>54,538,831</u>	<u>56,131,987</u>
<b>Change in Net Position</b>					
Governmental activities	4,515,866	12,920,304	13,797,839	10,501,287	10,013,403
Business-type activities	4,379,290	1,388,290	6,105,411	10,376,415	4,350,730
Total primary government	<u>\$ 8,895,156</u>	<u>\$ 14,308,594</u>	<u>\$ 19,903,250</u>	<u>\$ 20,877,702</u>	<u>\$ 14,364,133</u>

Schedule 2  
UNAUDITED

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$ 44,701,037	\$ 46,697,585	\$ 48,844,891	\$ 50,566,421	\$ 54,771,019
12,873,364	13,379,442	14,693,549	15,598,185	16,391,190
808,200	819,107	51,940	(232,808)	681,355
53,639	75,848	162,193	107,541	45,228
373,621	348,684	67,030	304,169	198,019
315,668	241,867	(108,112)	55,830	260,286
<u>59,125,529</u>	<u>61,562,533</u>	<u>63,711,491</u>	<u>66,399,338</u>	<u>72,347,097</u>
2,849,306	2,889,836	2,809,547	2,437,221	1,968,053
-	73,081	-	-	-
-	-	-	-	-
<u>(315,668)</u>	<u>(241,867)</u>	<u>108,112</u>	<u>(55,830)</u>	<u>(260,286)</u>
<u>2,533,638</u>	<u>2,721,050</u>	<u>2,917,659</u>	<u>2,381,391</u>	<u>1,707,767</u>
<u>64,192,805</u>	<u>67,004,633</u>	<u>69,546,809</u>	<u>71,162,120</u>	<u>75,762,631</u>
3,735,063	(4,289,243)	15,208,991	8,334,316	23,578,019
2,644,973	1,137,841	2,494,770	2,937,895	3,946,489
<u>\$ 6,380,036</u>	<u>\$ (3,151,402)</u>	<u>\$ 17,703,761</u>	<u>\$ 11,272,211</u>	<u>\$ 27,524,508</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,				
	2014	2015	2016	2017	2018
General fund					
Nonspendable	\$ -	\$ 10,974	\$ 11,007	\$ 2,942	\$ -
Restricted	644,917	768,682	695,389	823,324	942,818
Assigned	2,855,000	3,092,000	3,092,000	593,000	616,000
Unassigned	11,149,199	13,085,091	14,481,359	21,321,516	19,445,520
Total general fund	<u>14,649,116</u>	<u>16,956,747</u>	<u>18,279,755</u>	<u>22,740,782</u>	<u>21,004,338</u>
All other governmental funds					
Nonspendable	147,066	172,509	190,679	207,663	145,721
Restricted	16,950,720	21,610,510	21,943,777	21,902,318	68,519,731
Committed	-	-	-	-	-
Assigned	3,101,828	2,317,454	2,046,139	898,444	1,246,580
Total all other governmental funds	<u>20,199,614</u>	<u>24,100,473</u>	<u>24,180,595</u>	<u>23,008,425</u>	<u>69,912,032</u>
Total governmental funds	<u>\$ 34,848,730</u>	<u>\$ 41,057,220</u>	<u>\$ 42,460,350</u>	<u>\$ 45,749,207</u>	<u>\$ 90,916,370</u>

Schedule 3  
UNAUDITED

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$ 14,553	\$ 10,942	\$ 11,998	\$ 168,052	\$ 137,540
1,055,028	1,158,516	992,918	882,191	965,731
538,373	441,572	553,201	643,939	1,049,856
16,526,632	13,625,862	14,969,214	9,082,144	11,752,718
18,134,586	15,236,892	16,527,331	10,776,326	13,905,845
146,398	182,813	171,370	221,669	295,090
69,576,434	49,063,314	36,431,851	30,829,825	32,239,233
-	-	-	2,195,096	1,428,953
1,572,982	1,611,509	2,503,266	1,960,096	12,720,397
71,295,814	50,857,636	39,106,487	35,206,686	46,683,673
<u>\$ 89,430,400</u>	<u>\$ 66,094,528</u>	<u>\$ 55,633,818</u>	<u>\$ 45,983,012</u>	<u>\$ 60,589,518</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,				
	2014	2015	2016	2017	2018
<b>Revenues</b>					
Taxes	\$ 33,040,104	\$ 40,327,885	\$ 40,812,298	\$ 42,842,346	\$ 44,116,492
Licenses and permits	4,838,254	5,346,516	6,629,135	5,266,746	6,468,067
Federal grants	2,216,600	1,840,046	1,677,378	874,059	622,073
State grants	9,492,853	9,675,169	10,362,532	10,565,275	12,060,928
Charges for services	4,973,544	5,606,654	6,513,571	5,573,732	5,194,808
Fines and forfeitures	4,425,958	4,546,629	5,399,533	5,521,496	5,565,482
Interest and rentals	557,892	465,430	571,454	853,631	1,454,753
Contributions and donations	2,077,707	1,272,088	2,217,097	2,886,747	2,154,924
Other revenue	884,467	583,449	876,644	3,028,574	2,110,299
<b>Total revenues</b>	<b>62,507,379</b>	<b>69,663,866</b>	<b>75,059,642</b>	<b>77,412,606</b>	<b>79,747,826</b>
<b>Expenditures</b>					
General government	8,195,123	8,805,147	10,259,300	10,725,709	14,458,355
Public safety	26,703,494	30,347,526	31,858,670	36,112,017	26,760,217
Public works	14,049,998	18,827,277	24,544,700	26,548,191	20,919,825
Health and welfare	805,658	858,501	735,301	675,256	725,657
Community and economic development	1,413,899	1,416,767	1,396,557	2,393,734	1,231,554
Recreation and culture	3,602,859	3,815,200	4,042,879	4,145,786	3,789,977
Debt service:					
Principal payments	1,095,000	1,356,000	1,423,000	1,480,876	5,770,485
Interest and paying agent fees	437,427	401,704	399,159	231,120	4,476,624
Bond issuance costs	-	32,838	-	-	-
<b>Total expenditures</b>	<b>56,303,458</b>	<b>65,860,960</b>	<b>74,659,566</b>	<b>82,312,689</b>	<b>78,132,694</b>
Revenue over (under) expenditures	6,203,921	3,802,906	400,076	(4,900,083)	1,615,132
<b>Other financing sources (uses)</b>					
Issuance of long-term liabilities	1,127,000	2,053,000	3,258,578	-	40,965,000
Premium on issuance of long-term debt	-	-	153,451	-	3,018,257
Payment to refunded bond escrow agent	-	(2,020,162)	(3,353,620)	-	-
Transfers in	21,563,760	25,286,037	31,612,692	40,259,720	27,383,727
Transfers out	(22,169,926)	(22,913,344)	(30,668,047)	(32,070,780)	(27,386,104)
Proceeds from sale of assets	-	53	-	-	-
<b>Total other financing sources (uses)</b>	<b>520,834</b>	<b>2,405,584</b>	<b>1,003,054</b>	<b>8,188,940</b>	<b>43,980,880</b>
<b>Net change in fund balances</b>	<b>\$ 6,724,755</b>	<b>\$ 6,208,490</b>	<b>\$ 1,403,130</b>	<b>\$ 3,288,857</b>	<b>\$ 45,596,012</b>
Debt service as a percentage of noncapital expenditures	2.90%	2.98%	3.03%	2.57%	2.57%

Schedule 4  
UNAUDITED

Fiscal Year Ended June 30,				
2019	2020	2021	2022	2023
\$ 45,410,295	\$ 46,963,539	\$ 48,943,009	\$ 50,417,700	\$ 54,666,457
5,931,078	5,307,655	4,872,742	4,408,231	5,337,127
1,871,525	1,265,205	5,252,341	2,591,531	17,197,901
14,094,799	13,995,554	15,113,013	15,941,851	16,729,688
5,393,336	4,604,932	4,574,298	4,868,160	5,236,958
5,541,735	4,292,710	3,126,835	3,619,982	5,575,842
2,782,918	2,283,567	509,679	287,411	2,844,629
2,789,395	2,672,482	3,315,920	5,062,427	3,193,792
589,827	558,566	277,695	654,312	394,424
<u>84,404,908</u>	<u>81,944,210</u>	<u>85,985,532</u>	<u>87,851,605</u>	<u>111,176,818</u>
9,153,431	10,135,722	9,962,483	11,703,133	13,946,110
28,661,241	31,039,097	30,780,622	33,430,481	34,138,171
28,201,992	44,386,260	35,049,488	24,184,707	27,078,872
726,938	948,261	914,455	986,241	885,031
2,351,165	2,093,136	1,955,139	2,796,118	1,610,198
4,662,412	4,627,144	5,000,825	12,020,804	7,371,566
7,130,551	6,878,317	7,024,212	7,233,367	6,999,674
5,318,816	5,378,012	5,213,361	5,028,390	4,843,320
-	-	-	-	-
<u>86,206,546</u>	<u>105,485,949</u>	<u>95,900,585</u>	<u>97,383,241</u>	<u>96,872,942</u>
<u>(1,801,638)</u>	<u>(23,541,739)</u>	<u>(9,915,053)</u>	<u>(9,531,636)</u>	<u>14,303,876</u>
-	-	-	-	208,644
-	-	-	-	-
-	-	-	-	-
30,891,461	26,612,342	21,599,699	26,203,391	26,545,320
(30,575,793)	(26,406,475)	(22,145,356)	(26,322,561)	(26,451,334)
-	-	-	-	-
<u>315,668</u>	<u>205,867</u>	<u>(545,657)</u>	<u>(119,170)</u>	<u>302,630</u>
<u>\$ (1,485,970)</u>	<u>\$ (23,335,872)</u>	<u>\$ (10,460,710)</u>	<u>\$ (9,650,806)</u>	<u>\$ 14,606,506</u>
18.10%	16.77%	17.14%	15.40%	14.21%



## 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
2013	2014	\$ 1,671,311,400	\$ 379,835,840	\$ 36,914,920	\$ 135,277,840	\$ 9,507,670
2014	2015	1,724,404,970	375,365,660	36,935,510	131,328,570	9,076,090
2015	2016	1,799,260,920	378,983,060	37,730,500	142,368,610	7,856,290
2016	2017	1,879,373,700	393,810,370	39,070,030	123,548,190	6,267,280
2017	2018	1,974,284,140	405,165,090	38,888,620	131,044,220	5,724,260
2018	2019	2,087,920,010	423,697,010	39,757,990	125,109,600	5,264,590
2019	2020	2,205,346,400	481,298,370	40,962,070	126,101,530	4,493,540
2020	2021	2,323,253,670	515,657,620	41,963,590	134,178,010	4,238,960
2021	2022	2,422,933,940	553,148,620	43,098,150	143,987,440	-
2022	2023	2,589,361,430	598,100,640	45,131,290	146,976,640	-

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
\$ 2,232,847,670	15.1652	\$ 2,329,974,790	95.8%
2,277,110,800	18.1551	2,505,604,540	90.9%
2,366,199,380	17.6807	2,693,722,050	87.8%
2,442,069,570	17.8761	2,853,811,830	85.6%
2,555,106,330	17.6389	3,081,891,080	82.9%
2,681,749,200	18.6234	3,189,816,240	84.1%
2,858,201,910	18.1187	3,453,022,910	82.8%
3,019,291,850	17.8496	3,686,895,500	81.9%
3,163,168,150	17.4679	3,912,573,490	80.8%
3,379,570,000	17.5580	4,181,240,290	80.8%

# CITY OF ROYAL OAK, MICHIGAN

## Revenue Capacity Information

Property Tax Rates - Direct and Overlapping  
Last Ten Fiscal Years

Tax Year	Fiscal Year	Direct City Taxes - Millage Rates (\$1 per 1,000) (1)											
		General Operating		Solid Waste Operating		Library Operating	Public Safety Operating	Roads	Voted Debt	Drain Debt	Senior Services	Parks, Rec., Forestry, Playgrounds and Animal Shelter	Total Direct Taxes
		Charter	Publications	Refuse-State	Refuse-Voted								
2012	2013	7.3947	0.0225	2.0164	0.9965	0.9597	3.475	n/a	0.3363	n/a	n/a	n/a	15.2011
2013	2014	7.3947	0.0223	2.0164	0.9965	0.9597	3.475	n/a	0.3006	n/a	n/a	n/a	15.1652
2014	2015	7.3947	0.0218	2.0164	0.9965	0.9597	3.975	2.5000	0.2910	n/a	n/a	n/a	18.1551
2015	2016	7.3695	0.0223	2.0095	0.5931	0.9564	3.961	2.4915	0.2770	n/a	n/a	n/a	17.6807
2016	2017	7.2899	0.0206	1.9877	0.9823	0.9460	3.919	2.4645	0.2665	n/a	n/a	n/a	17.8761
2017	2018	7.2031	0.0195	1.9640	0.9706	0.9347	3.872	2.4351	0.2400	n/a	n/a	n/a	17.6389
2018	2019	7.1389	0.0180	1.9465	0.9619	0.9263	3.837	2.4134	0.2450	1.1360	1.1360	1.1360	18.6234
2019	2020	7.0625	0.0169	1.9256	0.7016	0.9163	3.7963	2.3875	0.2270	1.0850	1.0850	1.0850	18.1187
2020	2021	6.9890	0.0160	1.9055	0.6940	0.9067	3.7568	2.3626	0.2175	1.0015	1.0015	1.0015	17.8496
2021	2022	6.9058	0.0154	1.8828	0.6940	0.8959	3.7120	2.3344	0.2056	0.8220	0.8220	0.8220	17.4679
2022	2023	6.8118	0.0145	1.8571	0.5000	0.8837	3.6615	2.3026	n/a	0.6268	0.2000	0.7000	17.5580

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	Senior Services	Parks, Recreation, Forestry, Playgrounds and Animal Shelter
		Charter	Publications	Refuse-State	Refuse-Voted					
2022	2023	6.8118	0.0145	1.8571	0.5000	0.8837	n/a	0.8220	0.2000	0.7000
			not to exceed \$50,000 / year							

- (2) County Tax rate includes Oakland County General Operating, Oakland County Parks and Recreation, Huron Clinton Metro Authority, Oakland County Art Institute Authority, Oakland County Zoological Authority, and Oakland County Public Transportation Authority.
- (3) Royal Oak Schools serve 97.38% 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	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	37.5003	6.5245	22.2160	44.0248	59.7163	1.6021
5.5746	3.2539	1.5303	6.0000	36.6475	6.0511	21.9568	42.6986	58.6043	1.6021
4.8682	3.2280	1.5184	6.0000	33.4642	6.2372	21.9470	39.7014	55.4112	1.6021
4.8544	3.2012	1.5057	6.0000	33.0292	5.3966	21.5361	38.4258	54.5653	1.6003
5.7577	3.1658	1.4891	6.0000	33.9706	3.9331	21.3240	37.9037	55.2946	1.6003

**Revenue Capacity Information**

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	Assessment Year					
	2014			2023		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Consumers Energy Company	\$ 18,603,170	2	0.83%	\$ 77,864,840	1	2.30%
DTE Electric Company	23,107,090	1	1.03%	33,644,740	2	1.00%
William Beaumont Hospital	17,191,430	3	0.77%	30,301,060	3	0.87%
The Griffin Singh, LLC				29,254,120	4	0.90%
Hyatt Place Detroit - Royal Oak				24,340,780	5	0.72%
Central Park Development Group, LLC				23,524,230	6	0.70%
Baker [College] of Royal Oak				19,632,920	7	0.58%
Trailhead RO, LLC				19,252,530	8	0.57%
Midtown Pointe, LLC				14,114,200	9	0.42%
Meijer	6,817,740	8	0.31%	7,627,460	10	0.23%
HHI FormTech Industries	15,177,340	4	0.68%			
Amber Equities, LLC	14,197,090	5	0.64%			
Flex-N-Gate	13,224,770	6	0.59%			
MacLean-Fogg	7,117,390	7	0.32%			
New Par / Verizon	6,696,530	9	0.30%			
Sears Holding	6,488,280	10	0.29%			
Total taxable value of ten largest taxpayers	128,620,830		5.76%	279,556,880		8.27%
Total taxable value of all other taxpayers	2,104,226,840		94.24%	3,100,013,120		91.73%
Total taxable value of all taxpayers	<u>\$ 2,232,847,670</u>		<u>100.00%</u>	<u>\$ 3,379,570,000</u>		<u>100.00%</u>

Source: City Assessor

**Revenue Capacity Information**Property Tax Levies and Collections  
Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percent of Levy		Amount	Percent of Levy
2013	2014	\$ 34,509,624	\$ 34,431,897	99.77%	\$ 5,263	\$ 34,437,160	99.79%
2014	2015	42,085,769	41,995,560	99.79%	5,000	42,000,560	99.80%
2015	2016	42,669,442	42,466,820	99.53%	25,000	42,491,820	99.58%
2016	2017	44,457,247	44,292,016	99.63%	3,927	44,295,943	99.64%
2017	2018	46,295,048	46,234,701	99.87%	16,534	46,251,236	99.90%
2018	2019	51,365,486	51,312,532	99.89%	14,577	51,327,109	99.93%
2019	2020	53,088,120	52,877,478	99.60%	19,961	52,897,439	99.64%
2020	2021	55,853,760	55,736,118	99.79%	15,222	55,751,340	99.82%
2021	2022	57,666,619	57,567,563	99.83%	9,293	57,576,856	99.84%
2022	2023	61,641,524	61,580,864	99.90%	2,627	61,583,491	99.91%

(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,			
	2014	2015	2016	2017
Governmental Activities				
General obligation bonds	\$ 14,302,563	\$ 12,634,354	\$ 10,960,611	\$ 122,979,133
Leases payable	-	-	-	-
Subscription liabilities	-	-	-	-
Total	14,302,563	12,634,354	10,960,611	122,979,133
Business-type Activities				
General obligation bonds	21,597,831	15,475,000	15,658,150	27,525,472
Revenue bonds, loans, and contractual obligations	21,778,969	24,281,284	21,655,862	32,233,267
Total	43,376,800	39,756,284	37,314,012	59,758,739
Total debt of the City	\$ 57,679,363	\$ 52,390,638	\$ 48,274,623	\$ 182,737,872
Total personal income	\$ 3,316,943,085	\$ 3,365,977,560	\$ 3,508,809,444	\$ 3,744,166,724
Ratio of total debt to personal income	2.58%	1.56%	1.38%	4.88%
Total population	59,485	59,016	58,716	59,006
Total debt per capita	\$970	\$888	\$822	\$3,097

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

Source: City Finance Department

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Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 158,311,355	\$ 150,496,176	\$ 142,919,667	\$ 135,396,758	\$ 127,680,471	\$ 120,410,107
-	-	-	-	-	60,720
-	-	-	-	709,430	1,079,965
<u>158,311,355</u>	<u>150,496,176</u>	<u>142,919,667</u>	<u>135,396,758</u>	<u>128,389,901</u>	<u>121,550,792</u>
28,057,005	26,262,269	24,433,635	22,366,828	20,462,696	18,505,157
<u>44,891,919</u>	<u>41,273,933</u>	<u>36,716,686</u>	<u>32,241,339</u>	<u>28,257,817</u>	<u>24,645,618</u>
<u>72,948,924</u>	<u>67,536,202</u>	<u>61,150,321</u>	<u>54,608,167</u>	<u>48,720,513</u>	<u>43,150,775</u>
<u>\$ 231,260,279</u>	<u>\$ 218,032,378</u>	<u>\$ 204,069,988</u>	<u>\$ 190,004,925</u>	<u>\$ 177,110,414</u>	<u>\$ 164,701,567</u>
\$ 2,413,247,400	\$ 2,434,392,801	\$ 2,867,643,429	\$ 2,990,945,765	\$ 3,002,174,000	\$ 3,002,174,114
9.58%	8.96%	7.12%	6.35%	5.90%	5.49%
59,112	59,461	59,277	59,195	58,211	58,368
\$3,912	\$3,667	\$3,443	\$3,210	\$3,043	\$2,822



## 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)	
2014	\$ 9,827,563	\$ 4,475,000	\$ 108,875	\$ 21,597,831	\$ 35,791,519
2015	8,659,354	3,975,000	109,435	15,475,000	27,999,919
2016	7,500,611	3,460,000	101,733	15,658,150	26,517,028
2017	120,054,133	2,925,000	91,486	27,525,472	150,413,119
2018	155,936,355	2,375,000	47,799	28,057,005	186,320,561
2019	148,686,176	1,810,000	50,444	26,262,269	176,708,001
2020	141,694,667	1,225,000	-	24,433,635	167,353,302
2021	134,776,758	620,000	-	22,366,828	157,763,586
2022	127,680,471	-	-	20,462,696	148,143,167
2023	120,410,107	-	-	18,505,157	138,915,264

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

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Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
\$ 2,232,847,670	1.60%	59,485	\$ 602
2,277,110,800	1.23%	59,016	474
2,366,199,380	1.12%	58,716	452
2,442,069,570	6.16%	59,006	2,549
2,555,106,330	7.29%	59,112	3,152
2,681,749,200	6.59%	59,461	2,972
2,858,201,910	5.86%	59,277	2,823
3,019,291,850	5.23%	59,195	2,665
3,163,168,150	4.68%	58,211	2,545
3,379,570,000	4.11%	58,368	2,380



**Debt Capacity Information**

Direct and Overlapping Governmental Activities Debt  
June 30, 2023

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Per Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 121,550,792	\$ 28,257,817	\$ 93,292,975	\$ 1,598	2.76%
Overlapping Debt:					
	<b>Gross (1)</b>	<b>City share as % of Gross (1)</b>	<b>Net City Share</b>		
Royal Oak School District	\$ 35,730,000	97.38%	\$ 34,793,874		
Berkley School District	45,575,000	1.78%	811,235		
Clawson School District	60,103,041	0.95%	570,979		
Oakland County at large	181,894,707	4.93%	8,967,409		
Oakland Intermediate School District	39,675,000	4.96%	1,967,880		
Oakland County Community College	-	4.98%	-		
Total Overlapping Debt	<u>362,977,748</u>		<u>47,111,377</u>	<u>807</u>	<u>1.39%</u>
Total Direct and Overlapping Debt	<u>\$ 484,528,540</u>		<u>\$ 140,404,352</u>	<u>\$ 2,406</u>	<u>4.15%</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 taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Debt Capacity Information**

Computation of Legal Debt Margin  
Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Applicable Debt as a Percentage of Debt Limit
2014	\$ 232,997,479	\$ 24,678,007	\$ 208,319,472	10.59%
2015	250,560,454	22,465,203	228,095,251	8.97%
2016	269,372,205	23,028,165	246,344,040	8.55%
2017	285,381,183	150,358,106	135,023,077	52.69%
2018	308,189,108	186,109,785	122,079,323	60.39%
2019	318,981,624	176,758,445	142,223,179	55.41%
2020	345,302,291	167,353,302	177,948,989	48.47%
2021	368,689,550	157,763,586	210,925,964	42.79%
2022	391,257,349	148,143,163	243,114,186	37.86%
2023	418,124,029	139,057,157	279,066,872	33.26%

Pursuant to the statutory and constitutional debt provisions set forth below, the following table reflects the amount of additional debt the city may legally incur as of June 2023.

	10% SEV	5% SEV*
FY 2023 State Equalized Value (SEV)	\$ 4,181,240,290	\$ 4,181,240,290
Legal debt limit (% of SEV)	<u>418,124,029</u>	<u>209,062,015</u>
Debt outstanding	164,701,567	164,701,567
Less: exempt obligations	<u>(24,503,727)</u>	<u>(123,886,044)</u>
Debt subject to SEV limitation	<u>139,057,157</u>	<u>40,815,523</u>
Legal Debt Margin	<u>\$ 279,066,872</u>	<u>\$ 168,246,492</u>
Applicable debt outstanding as a percentage of SEV	3.33%	0.98%

\* In accordance with the Revised Municipal Finance Act

continued...

**Debt Capacity Information**

Computation of Legal Debt Margin  
Last Ten Fiscal Years

**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.

concluded.

Source: City Finance Department



**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%
2022	3,511,672	1,948,654	1,563,018	1,695,000	881,791	2,576,791	61%
2023	3,711,101	2,741,410	969,691	1,755,000	820,337	2,575,337	38%

Note: (1) Operating expenses net of depreciation.

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)
2014	29,399	59,485	\$ 55,761	\$ 3,316,943	37.8	5,171
2015	29,192	59,016	57,035	3,365,978	37.8	4,900
2016	29,122	58,716	59,759	3,508,809	37.8	4,053
2017	29,016	59,006	63,454	3,744,167	39.8	4,975
2018	30,421	59,112	**40,825	2,413,247	36.5	4,952
2019	30,391	59,461	**40,941	2,434,393	36.2	4,995
2020	30,473	59,277	**48,377	2,867,643	36.0	5,138
2021	31,054	59,195	50,527	2,990,946	35.8	5,002
2022	31,244	58,211	51,574	3,002,174	35.3	4,917
2023	31,199	58,368	54,486	3,180,239	35.8	4,877

Source:

- (1) U.S. Census Bureau, 2021 American Community Survey 5-year estimates
- (2) U.S. Census Bureau, 2021 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 (2022-23).
- (4) Michigan Bureau of Labor Market Information and Strategic Initiatives  
June 2023 estimates (not seasonally adjusted)

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Royal Oak (4)		Michigan (4)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
33,955	5.0%	4,812	7.9%
36,941	3.0%	4,806	6.0%
38,139	2.9%	4,838	4.6%
41,641	3.6%	4,865	3.8%
38,317	2.1%	4,911	4.4%
39,406	2.3%	5,007	4.4%
34,845	9.5%	4,988	15.0%
37,034	2.2%	4,753	5.3%
38,464	2.2%	4,877	4.8%
39,228	1.9%	5,000	4.1%

# CITY OF ROYAL OAK, MICHIGAN

Schedule 15

UNAUDITED

## Demographic and Economic Information

Principal Employers

Current Year and Nine Years Ago

Company Name	Product/Service	2014			2023		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Corewell Health**	Hospital	10,386	1	30.59%	8,891	1	22.66%
Royal Oak Public Schools	Education	437	3	1.29%	711	2	1.81%
City of Royal Oak	Municipality	442	2	1.30%	496	3	1.26%
Henry Ford Health System	Medical Center				400	4	1.02%
Flex-n-Gate	Automotive supplier	380	5	1.12%	393 *	5	1.00%
Consumers Energy	Utility	315	8	0.93%	373	6	0.95%
Detroit Zoo	Zoo	350	6	1.03%	372 *	7	0.95%
Holiday Market	Retailer/grocery store	275	9	0.81%	270	8	0.69%
Oakland Community College	Education	407	4	1.20%	265 *	9	0.68%
Kroger	Retailer/grocery store				250	10	0.64%
Meijer	Retailer/grocery store	327	7	0.96%			
HHI - Form Tech Industries, LLC	Automotive supplier	250	10	0.74%			
Total		13,569		39.96%	12,421		31.66%

Note \* indicates fiscal year 2022 or prior employee count, as information for fiscal year 2023 was not available at the time.

\*\* formally William Beaumont Hospital

Sources: Royal Oak Finance Department

## CITY OF ROYAL OAK, MICHIGAN

Schedule 16

UNAUDITED

**Operating Information**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function / Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	24	26	26	29	29	29	29	29	29	28
Other police vehicles	25	24	24	24	26	26	26	26	26	27
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
Other fire vehicles	10	10	10	10	10	10	10	10	11	11
Public Parking										
Spaces	3,730	3,815	3,815	3,465	3,785	3,889	4,339	4,339	4,404	4,226
Decks	1,532	1,532	1,532	1,532	1,983	2,564	2,564	2,564	2,569	2,569
Lots	1,380	1,473	1,473	1,195	974	522	816	816	876	787
Streets	818	810	810	738	783	803	959	959	959	870
Meters	2,203	2,203	2,203	1,352	1,352	1,268	1,775	1,390	236	240
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	50	51	51	51	51	51	51	51	51	51
Park acreage	310	352	352	352	352	352	352	352	352	352
Golf courses/holes	2 / 9 ea.	1 / 9 ea.	1 / 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	32/1 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	31/2 pickleball	30/2 pickleball	30/2 pickleball
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	186,223	184,362	179,393	162,945	154,781	152,589	146,338	144,962	141,641	134,605
Public computers	38	38	37	36	36	30	30	31	31	35
Roads and Sidewalks										
Miles of major streets	63.96	63.96	63.96	63.96	63.96	63.96	63.96	63.96	64.26	64.26
Miles of local streets	148.41	148.41	148.63	148.63	148.63	148.63	148.86	148.86	148.16	148.16
Miles of sidewalk	422.2	423	423	425	428	429	429	428.43	428.45	428.68
Utilities										
Water										
Miles of water main	217.59	219	219	219	219	219	219	219.48	220.35	220.66
Miles of sewer	359.27	361	361	362	363	363	363	362.91	362.96	362.97
Number of hydrants	2,138	2,138	2,138	2,159	2,167	2,194	2,198	2,198	2,207	2,218
Forestry										
Number of trees in rights-of-way	20,262	27,149	26,456	18,983	18,922	18,951	18,737	18,370	18,428	19,061

Source: City Departments

## CITY OF ROYAL OAK, MICHIGAN

### Operating Information

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year Ending June 30

Function / Program	2014	2015	2016	2017
Election data (calendar year)				
Registered voters	49,124	48,202	48,898	48,314
Elections held	2	2	3	1
Voters (at the polls or absentee)	23,734	12,305	35,350	12,419
Percent voting	48.3%	25.5%	72.3%	25.8%
Vital Records (calendar year)				
Birth	5,384	5,958	6,703	6,903
Death	1,435	1,763	1,693	1,736
District Court (calendar year)				
Number of court cases by judges/magistrates	15,223	18,969	32,027	29,386
Number of traffic tickets disposed	14,495	15,095	25,158	22,390
Number of criminal cases disposed	3,141	4,269	2,604	2,456
Number of civil cases disposed	2,561	2,349	3,254	4,540
Number of parking tickets disposed	95,643	93,115	92,658	80,281
Assessing				
Parcels (tax / calendar year)	27,693	27,791	27,857	27,904
Documents processed (prior to 2008 PTAs only)	9,561	8,190	11,849	15,209
Building and Safety				
Permits issued	2,030	2,374	2,194	2,402
Estimated permit value (\$000)	\$81,609	\$77,778	\$167,991	\$121,953
Police (calendar year, 2010 through June 30)				
Calls for service	44,616	48,051	46,563	49,139
Group A offenses	2,205	2,320	2,309	1,962
Group B offenses	1,228	1,296	1,333	1,400
Traffic violations issued	14,147	13,178	16,003	15,827
Parking violations issued	92,454	86,955	75,627	67,537
Fire				
Fire runs	2,158	2,277	2,179	2,121
Emergency medical runs	3,789	3,778	3,976	3,883
Inspections	464	590	611	702
Human Resources				
Employment applications - full & part-time	901	1,142	688	2,374
Hires, position changes, retirements, terminations	290	383	176	322
Workers' comp. claims filed - medical & indemnity	57	41	44	50
Health insurance enrollees - Employees	225	242	245	321
Health insurance enrollees - Retirees	420	434	431	461

Source: City Departments

Schedule 17  
UNAUDITED

2018	2019	2020	2021	2022	2023
48,316	49,155	52,017	50,970	52,077	*
2	1	3	1	2	*
32,898	13,290	39,658	15,030	33,758	*
68.1%	27.0%	76.2%	29.5%	64.8%	*
6,878	7,154	6,881	7,103	6,821	*
1,730	1,644	1,839	1,960	1,697	*
30,805	31,461	57,930	50,988	161,905	*
23,379	23,314	11,785	10,590	12,301	*
2,746	2,420	2,528	3,585	3,167	*
4,835	3,300	3,903	5,327	3,990	*
71,024	62,415	42,156	28,757	139,475	*
28,049	28,025	28,049	28,027	28,137	28,080
14,529	14,705	14,597	11,764	10,349	8,003
2,399	2,904	2,090	2,888	2,551	2,509
\$214,660	\$155,516	\$111,755	\$142,857	\$90,777	\$200,416
48,450	51,852	45,120	37,496	41,173	*
1,628	1,438	1,201	1,403	1,616	*
1,140	1,030	769	858	1,003	*
14,523	15,688	8,964	8,538	11,472	*
56,869	69,175	37,542	23,902	119,257	*
2,112	1,954	1,633	1,751	2,052	2,022
4,104	4,158	4,309	3,903	4,840	5,302
496	647	309	564	808	1,774
1,205	2,047	955	1,091	2,026	1,986
107	203	221	427	218	246
25	41	53	40	42	48
263	263	257	260	274	292
379	425	433	431	441	434

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Operating Information

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year Ending June 30

Function / Program	2014	2015	2016	2017
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	3,667	3,697	3,634	3,785
Cardholders - total registrations	30,855	32,914	33,140	24,317
Circulation - number of transactions	393,843	378,252	372,934	403,009
Number of visitors	341,951	213,784	347,223	369,996
Number of computer uses	55,699	42,871	36,782	38,387
Number of programs/events offered	483	439	425	513
Number of program/event attendees	14,093	10,885	13,518	15,503
Parks and recreation				
Ice rental and other use (hours per calendar year)	7,932	8,087	8,193	8,300
Recreation program participants	16,320	16,055	16,222	16,300
Golf Course				
Rounds of Golf - Normandy Oaks	8,432	-	-	-
Rounds of Golf - Royal Oak	16,187	20,760	18,225	18,700
Senior Programs				
Senior activity sessions	3,994	3,981	3,888	3,742
Senior activity participants	84,614	74,266	72,007	73,472
Senior meals served on-site and delivered	11,378	11,340	10,839	10,563
Senior transportation trips	12,571	13,559	12,863	13,095
Senior AGE program - Service Hours	24,000	24,000	24,000	24,000
Senior ROSES program in-home support jobs	2,073	2,074	2,066	2,081
Public Works / Engineering				
Miles of street resurfaced	0.77	0.95	5.61	6.50
Square feet of sidewalk - removed & replaced	365,765	287,645	500,991	330,551
Square feet of sidewalk - new	23,533	18,952	14,256	55,994
Curbside refuse collected (tons)	20,717	29,341	23,565	24,444
Curbside compost collected (tons)	11,143	11,115	10,551	7,089
Curbside recyclables collected (tons)	3,655	3,906	4,035	4,229
Leaf collection (tons)	3,550	3,260	*	2,397
Feet of watermain - replaced	10,127	11,838	9,709	13,532
Feet of watermain - new	-	2,781	1,174	4,883
Feet of sewer - replaced	60	635	-	785
Feet of sewer - new	3,265	2	-	5,703
Utilities - Water and Sewer				
Number of customers billed	23,264	23,159	23,646	24,335
Water units purchased (100 cubic feet)	250,522,400	247,902,200	253,900,000	247,413,200
Water units billed (100 cubic feet)	233,014,700	215,800,400	228,319,400	242,515,739
Wastewater units disposed (100 cubic feet)	232,943,600	215,790,000	228,296,800	239,653,661

Source: City Departments

Note: \* Information not available

Schedule 17  
UNAUDITED

2018	2019	2020	2021	2022	2023
3,816	3,412	2,782	1,321	3,001	3,848
24,262	23,885	22,002	23,787	24,644	28,074
399,759	339,197	309,806	285,862	280,135	323,792
193,697	163,413	127,211	31,936	107,144	155,456
36,139	22,861	21,768	3,436	11,735	14,802
507	494	444	323	367	434
16,794	17,275	14,116	7,240	8,607	12,902
8,296	11,000	2,700	7,536	8,000	8,200
16,290	16,300	8,000	15,880	16,280	16,377
-	-	-	-	-	-
15,327	15,327	21,950	19,525	23,300	36,620
3,859	3,655	2,348	237	869	4,910
73,362	73,060	21,707	2,233	7,802	13,558
10,498	8,704	5,607	150	111	4,704
11,302	11,105	8,876	10,500	6,506	6,280
24,000	24,000	19,000	2,343	4,286	24,000
2,457	1,954	1,157	115	481	920
5.10	7.00	3.82	6.48	4.40	6.35
161,514	86,126	58,553	85,984	91,699	54,996
73,732	25,447	4,505	2,388	2,953	1,188
22,334	21,950	22,282	23,351	23,203	22,294
9,991	12,352	4,721	5,218	4,407	12,427
5,410	5,573	5,673	5,699	5,382	4,975
5,547	7,881	9,076	7,018	5,294	6,093
-	1,497	15,309	7,294	14,280	5,095
2,933	20	(1,053)	2,255	4,589	1,614
-	-	1,887	383	-	121
3,055	-	1,212	83	254	50
24,435	24,670	24,807	24,884	24,912	24,940
245,776,500	238,277,000	235,779,826	229,118,148	250,023,794	278,758,561
237,825,100	226,450,300	214,001,600	201,576,400	211,131,000	223,069,000
237,423,300	226,365,600	213,847,100	201,605,427	211,158,500	222,891,300

concluded.



**Operating Information**

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

Function/Program	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>44th District Court/Probation</b>	22	22	29	29	29	30	30	30	30	34
<b>Administrative Services</b>										
Manager	3	6	5	5	6	6	6	6	7	7
Attorney	4	4	4	4	4	4	4	4	4	4
City Clerk	5	5	5	5	5	5	5	6	6	6
Human Resources	2	3	3	3	4	4	4	4	4	4
State Construction Code	6	11	11	11	14	13	13	13	13	13
Ordinance Enforcement	5	5	5	5	5	5	5	5	5	5
Engineering	7	8	13	13	13	13	13	13	13	13
Community Development	3	3	4	4	4	4	4	4	4	4
Planning - Block Grant	1	-	-	-	-	-	-	-	-	-
Planning - Housing	1	1	1	1	1	1	1	1	1	1
Finance	5	6	7	7	7	7	7	8	8	8
Assessing	3	4	4	4	4	4	4	5	4	4
Treasurer / Water Billing	4	4	5	5	5	6	6	6	6	6
Information Technology	4	4	4	5	5	7	6	6	6	6
Subtotal	52	64	70	71	76	79	78	81	81	81
<b>Library</b>	10	9	8	8	8	9	9	9	13	15
<b>Public Safety</b>										
Police	96	97	98	98	98	98	98	98	98	98
Fire	56	56	56	56	56	56	56	56	57	64
Subtotal	152	153	154	154	154	154	154	154	155	162
<b>Recreation &amp; Public Services</b>										
Public Service										
Parks & Forestry	7	7	7	7	7	7	7	8	10	10
Building Maintenance	2	2	2	2	2	2	2	2	3	3
Highway	-	-	2	2	3	3	3	3	2.5	2.5
Motor Pool	9	9	9	9	9	9	9	9	9	9
Electrical	-	-	1	1	1	1	1	1	1	1
Solid Waste	14	14	14	14	15	15	15	15	15	15
Water Maintenance	7	7	8	8	8	8	8	8	7.5	7.5
Water Services	4	4	4	4	4	4	4	4	4	4
Sewer Maintenance	7	7	7	7	9	9	9	9	10	10
Animal Shelter	-	-	-	-	-	-	-	-	-	1
Auto Parking	3	3	3	3	3	3	3	3	3	3
Recreation	2	2	2	2	2	2	2	2	2	2
Senior Services	1	1	1	1	1	1	1	2	2	2
Subtotal	56	56	59	59	63	63	63	65	69	70
<b>Total</b>	292	304	320	321	330	335	334	339	348*	362**

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

\* Deviates from the FY22 original budget due to 4 positions approved by commission after publication of the budget document. (Library + 3, Fire Dept. + 1)

\*\* Deviates from the FY23 original budget due to 2 positions approved by commission after publication of the budget document. (Library + 2)

Source: City Finance Department