

City of
Royal Oak,
Michigan



Year Ended
June 30, 2024

Annual
Comprehensive
Financial Report

City Commission

Mayor

Michael Fournier

Mayor Pro Tem

Monica Hunt

Commissioners

Rebecca Cheezum
Sharlan Douglas
Amanda Herzog

Brandon Kolo
Melanie Macey

Administration

Interim City Manager

Mark Wollenweber

Director of Finance

KyMBERLY Coy

Assistant Finance Director

Anthony DeCamp

Prepared by the Finance Department



CITY OF ROYAL OAK, MICHIGAN

Table of Contents

Page

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organization Chart	8
List of Principal Officials	9

FINANCIAL SECTION

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

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

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	42
Public Safety Fund	43
Local Streets Fund	44
State Construction Code Fund	45
Statement of Net Position – Proprietary Funds	46
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	47
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	48
Reconciliation of Changes in Net Position of Enterprise Funds to Change in Net Position of Business-type Activities	49
Statement of Cash Flows – Proprietary Funds	50
Statement of Fiduciary Net Position – Fiduciary Funds	52
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	53
Combining Statement of Net Position – Discretely Presented Component Units	54
Combining Statement of Activities – Discretely Presented Component Units	55
Notes to Financial Statements	57

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information	
Employees' Retirement System:	
Schedule of Changes in Net Pension Liability and Related Ratios	108
Schedule of Contributions	110
Schedule of Investment Returns	111
Other Postemployment Benefits Plan:	
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios	112
Schedule of Contributions	114
Schedule of Investment Returns	115
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds:	
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	122
Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual:	
Major Streets Fund	125
Solid Waste Fund	126
Community Development Block Grant Fund	127
Publicity Fund	128
Senior Citizens Program Fund	129
Library Millage Fund	130
Donations Fund	131
Indigent Defense Fund	132
Grants Fund	133
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	135
Combining Statement of Cash Flows	136
Internal Service Funds:	
Combining Statement of Net Position	138
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	139
Combining Statement of Cash Flows	140
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position – Custodial Funds	142
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	143

CITY OF ROYAL OAK, MICHIGAN

Table of Contents

	<u>Page</u>
Component Units:	
Balance Sheets	144
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	145
Statements of Revenues, Expenditures and Changes in Fund Balances	146
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	147
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Tax Increment Financing Authority	148
Downtown Development Authority	149
Brownfield Redevelopment Authority	150

STATISTICAL SECTION (UNAUDITED)

Description of Statistical Section	153
Financial Trends:	
Net Position by Component	154
Changes in Net Position	156
Fund Balances – Governmental Funds	160
Changes in Fund Balances – Governmental Funds	162
Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property	164
Property Tax Rates – Direct and Overlapping	166
Principal Property Taxpayers	168
Property Tax Levies and Collections	169
Debt Capacity Information:	
Ratios of Outstanding Debt	170
Ratios of General Bonded Debt Outstanding	172
Direct and Overlapping Governmental Activities Debt	175
Computation of Legal Debt Margin	176
Pledged Revenue Coverage	179
Demographic and Economic Information:	
Demographic Statistics	180
Principal Employers	182
Operating Information:	
Capital Asset Statistics by Function/Program	183
Operating Indicators by Function/Program	184
Authorized Full-time Employees by Function/Program	188





INTRODUCTORY SECTION



December 4, 2024

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, 2024. 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. The city has received an unmodified opinion for the June 30, 2024 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 2023, 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 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.

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 2023-24, the city's assessed taxable value consists of 75.65 percent residential property value, 17.66 percent commercial property, 1.36 percent industrial property and 5.33 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.

Royal Oak welcomed numerous new businesses to the community in 2024 including Modern Vegan, Colt & Taylor Barbor, Bloomified, Sunlight Nail Bar, La Collection, Café de Olla, Blind Owl, Beef-A-Roo, Elephant & Co and Lucky Detroit Coffee.

The largest employers in Royal Oak in 2024 were Corewell Health, Royal Oak Public Schools, the Detroit Zoo, Dassault Systemes, Henry Ford Health System, the City of Royal Oak and Consumers Energy.

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 \$98,743 which is 24 percent higher than the median annual income of the United States and 38 percent higher than the State of Michigan. Royal Oak's unemployment rate was 2.6 percent , which compares favorably to the State's unemployment rate of 4.5 percent.

The median single-family home value is \$345,000 and median residential rent is \$1,862 . Over 65 percent of Royal Oakers own their home: comparable to the 66 percent across the United States who own. There are 200 multi-family units with 279,490 square feet currently under construction as of November 2024. Another 223 units with 115,866 square feet have been approved.

Royal Oak has a highly educated workforce with 63 percent of residents having a bachelor's degree or higher compared to 49 percent for Oakland County and 33 percent in Michigan. This is reflected in \$33.08 average hourly earnings compared to \$22.57 in the state overall. Royal Oak has a total of 2,697 businesses. The top five industries of resident employment are manufacturing (7,515), professional services (5,663), health care and social assistance (5,316), educational services (2,835) and finance and insurance (2,776).

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 23-24 general fund fund balance decreased by \$1.37 million as opposed to \$2.86 million of fund balance originally budgeted, mostly due to an increase in interest and rental revenues and property tax millage revenue and lower expenditures due to personnel vacancies and delays in capital purchases. The year ended with unassigned general fund fund balance of \$10.86 million or 20.2 percent of expenditures and transfers out. Transfers out of the general fund consisted of \$23.50 million to the public safety fund to cover annual operating costs; \$4.35 million to the ARPA Enabled capital projects fund for future capital purchases; \$2.21 million for the sixth year of Royal Oak Civic Center debt payments; \$1.00 million to the auto parking fund for a portion of proceeds related to ticket revenue collected; \$460,688 for court building debt payments; \$210,000 to fund senior center future capital projects; \$22,870 for the city's share of the indigent defense fund, \$23,000 for the commission for the arts and Memorial Day parade, and \$147,700 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 14th 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 \$176,611,573 million of city share of capital costs.

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. The latest plans for implementing these goals are also described in more detail in the FY24-25 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. The Finance Department has implemented multiple policies and procedures in accordance with the city charter to ensure financial compliance and safeguard city funds.

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.

In light of recent technological innovations in enterprise software now available to government and public sector organizations, the city has plans to implement an upgraded cloud product to our current software, BS&A, in the near future. This upgrade will provide several advantages from increased data accessibility for improved collaboration between stakeholders, real time data updates for timely decision making, and improved visibility of financial operations for enhanced reporting and transparency.

Federal Grants

The city expended \$11,980,832 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, 2024, all federally awarded ARPA grant funds have been fully expended.

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, 2023. 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, 2024. 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,



Kymberly Coy
Finance Director

Approved,



Mark Wollenweber
Interim 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, 2023

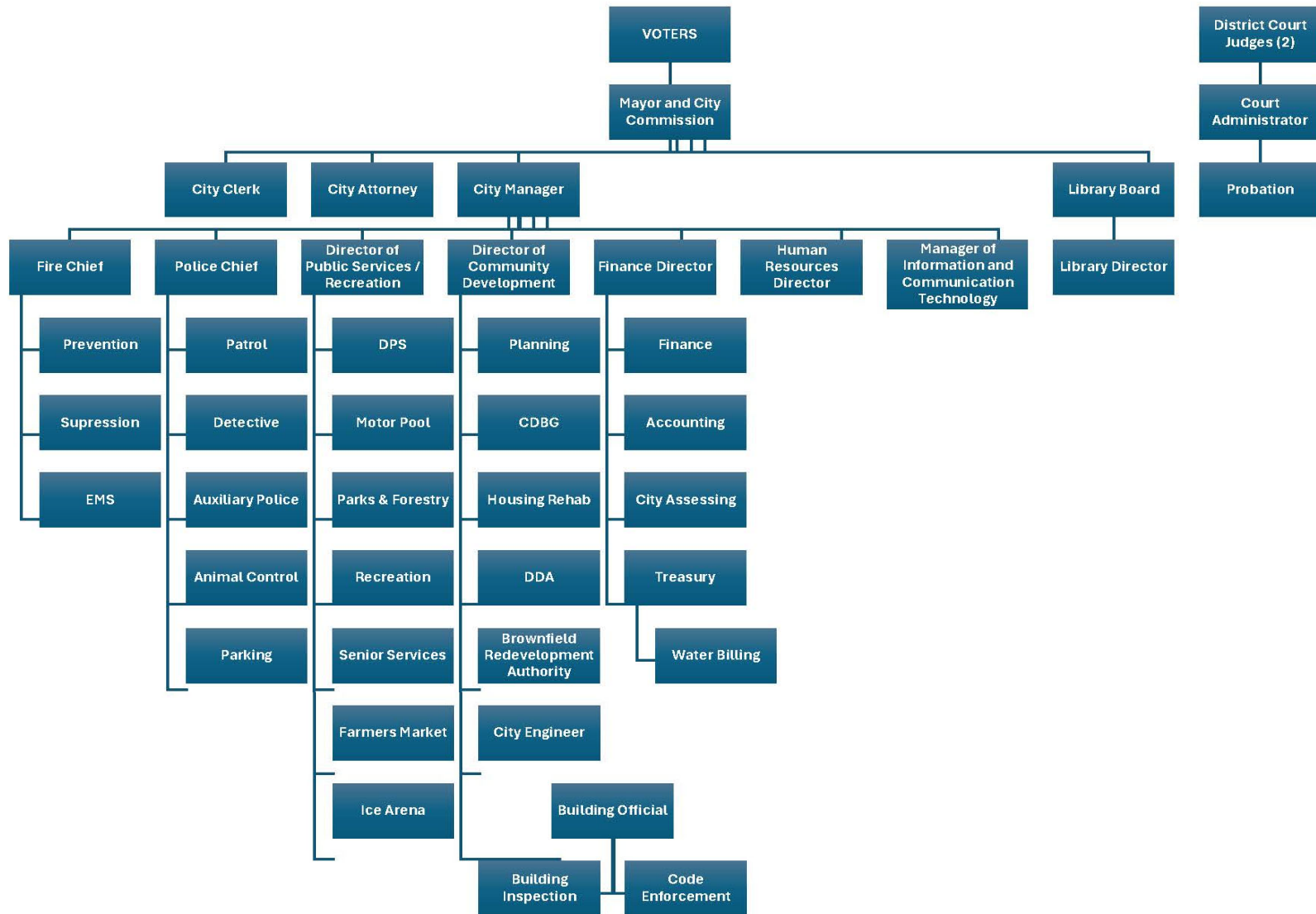
Christopher P. Morrell

Executive Director/CEO

CITY OF ROYAL OAK, MICHIGAN

Organization Chart

As of June 30, 2024



CITY OF ROYAL OAK, MICHIGAN

Principal Officials

As of June 30, 2024

Interim City Manager	Mark Wollenweber
Finance Director	Kymberly Coy
Assistant Finance Director	Anthony DeCamp
Building Official	Jason Craig
Chief of Police	Michael Moore
City Assessor	Anthony Switkowski
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
Fire Chief	James Cook
Human Resources Director	Dennis Van de Laar
Information Technology Manager	Christopher Gomez
Library Director	Sandy Irwin
Recreation and Public Services Director	Aaron Filipski



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

December 4, 2024

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, 2024, 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, 2024, 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 4, 2024, 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 Lobson 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, 2024. 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	\$ 312,686,758
· Change in total net position	76,608,934
· Fund balances, governmental funds	57,998,182
· Change in fund balances, governmental funds	(2,591,336)
· Unassigned fund balance, general fund	10,856,720
· Change in fund balance, general fund	(1,371,777)
· Installment debt outstanding	148,925,991
· Change in installment debt	(13,033,420)

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 city capital projects. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

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

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

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

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

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

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

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

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

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

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 \$312,686,758, an increase of \$76,608,934, or 32.45 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 (25%) represents resources that are subject to external restrictions on how they may be used. The city's unrestricted net position deficit of \$135,235,912, a decrease of \$12,106,936 over the previous year, occurred primarily due to the recognition of ARPA federal grant revenue, which had previously been accounted for within the restricted net position.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 141,165,974	\$ 111,825,247	\$ 26,728,014	\$ 15,642,281	\$ 167,893,988	\$ 127,467,528
Capital assets, net	279,951,644	264,595,785	151,445,240	150,471,732	431,396,884	415,067,517
Total assets	421,117,618	376,421,032	178,173,254	166,114,013	599,290,872	542,535,045
Deferred outflows of resources	9,163,464	12,546,006	491,528	840,353	9,654,992	13,386,359
Long-term liabilities	229,358,201	240,229,391	38,761,091	45,153,490	268,119,292	285,382,881
Other liabilities	18,374,855	27,946,323	3,846,567	3,704,949	22,221,422	31,651,272
Total liabilities	247,733,056	268,175,714	42,607,658	48,858,439	290,340,714	317,034,153
Deferred inflows of resources	5,110,010	2,204,714	808,382	604,713	5,918,392	2,809,427
Net position:						
Net investment in capital assets	245,244,364	227,298,315	124,525,508	118,441,719	369,769,872	345,740,034
Restricted	74,560,594	37,680,638	3,592,204	-	78,152,798	37,680,638
Unrestricted (deficit)	(142,366,942)	(146,392,343)	7,131,030	(950,505)	(135,235,912)	(147,342,848)
Total net position	\$ 177,438,016	\$ 118,586,610	\$ 135,248,742	\$ 117,491,214	\$ 312,686,758	\$ 236,077,824

The city's net position increased by \$76,608,934 during the current fiscal year as compared to a \$27,524,508 increase in the previous year. The difference between the two years is mostly attributed to our net OPEB liability going away and being replaced with a net OPEB asset, which was a result of the City's latest actuary report. Last year the City's net OPEB liability was \$10.7 million; however as a result of substantial retiree healthcare cost reduction, among other factors, the City now has an actuarial determined net OPEB asset of \$43.5 million.

Governmental Activities

Governmental activities increased the city's net position by \$58,851,406 as compared to a \$23,578,019 increase in the previous year, a difference of \$35,273,387 between the two years. This increase is, again, predominantly due to the net OPEB liability being replaced with a net OPEB asset, as noted above. Additionally, the City recognized \$10.6 million of ARPA funding within the City's governmental activities.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Business-type Activities

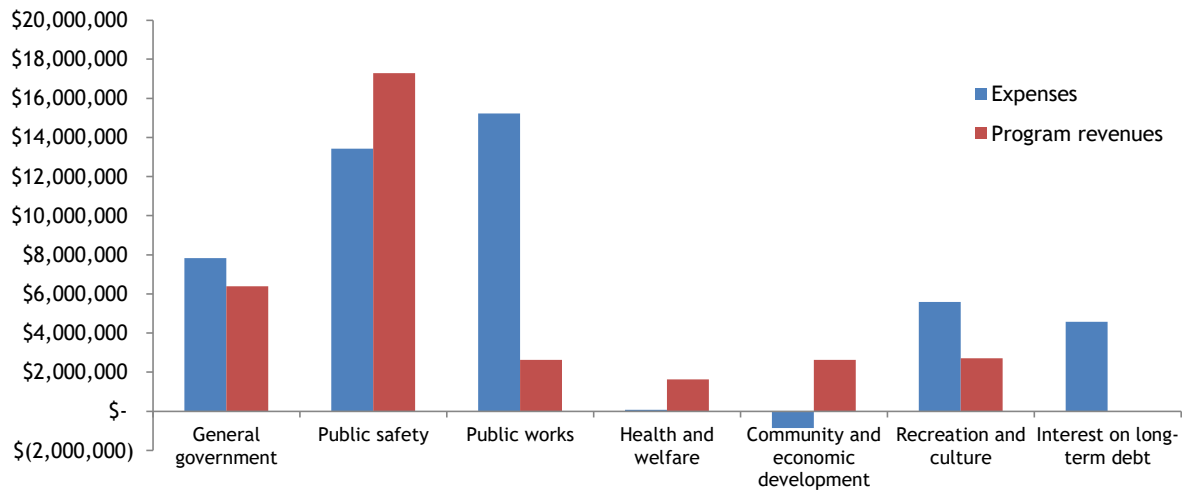
Business-type activities increased the city's net position by \$17,757,528 as compared to a \$3,946,489 increase in the previous year, a difference of \$13,811,039. Once again, the largest portion of this increase is a result of the reduction of the net OPEB liability and the addition of the net OPEB asset. Additionally, the City's parking fund received contributions from the general fund, the DDA, and ARPA that totaled over \$5.5 million in an effort to stabilize the fund.

		Change in Net Position																	
		Governmental Activities		Business-type Activities		Total													
		2024	2023	2024	2023	2024	2023												
Program revenues:																			
Charges for services	\$	15,347,212	\$	16,424,813	\$	40,166,812	\$	37,210,285	\$	55,514,024	\$	53,635,098							
Operating grants		16,703,116		21,102,296		2,559,103		1,688,537		19,262,219		22,790,833							
Capital grants		1,235,991		1,658,039		32,602		319,237		1,268,593		1,977,276							
General revenues:																			
Property taxes		59,732,005		54,771,019		2,077,281		1,968,053		61,809,286		56,739,072							
State shared revenues		16,627,823		16,391,190		-		-		16,627,823		16,391,190							
Other		2,428,810		924,602		-		-		2,428,810		924,602							
Total revenues		112,074,957		111,271,959		44,835,798		41,186,112		156,910,755		152,458,071							
Expenses:																			
General government		7,833,214		14,444,592		-		-		7,833,214		14,444,592							
Public safety		13,428,958		40,471,312		-		-		13,428,958		40,471,312							
Public works		15,229,444		17,521,710		-		-		15,229,444		17,521,710							
Health and welfare		78,868		858,276		-		-		78,868		858,276							
Community and economic development		(855,731)		1,801,089		-		-		(855,731)		1,801,089							
Recreation and culture		5,585,268		8,062,882		-		-		5,585,268		8,062,882							
Interest on long-term debt		4,571,998		4,794,365		-		-		4,571,998		4,794,365							
Water and sewer		-		-		26,387,033		29,119,646		26,387,033		29,119,646							
Parking		-		-		5,137,775		4,913,142		5,137,775		4,913,142							
Recreation		-		-		2,332,519		2,350,686		2,332,519		2,350,686							
Farmers market		-		-		572,475		595,863		572,475		595,863							
Total expenses		45,872,019		87,954,226		34,429,802		36,979,337		80,301,821		124,933,563							
Change in net position, before transfers									66,202,938		23,317,733		10,405,996		4,206,775		76,608,934		27,524,508
Transfers									(7,351,532)		260,286		7,351,532		(260,286)		-		-
Change in net position									58,851,406		23,578,019		17,757,528		3,946,489		76,608,934		27,524,508
Net position:																			
Beginning of year									118,586,610		95,008,591		117,491,214		113,544,725		236,077,824		208,553,316
End of year								\$	177,438,016	\$	118,586,610	\$	135,248,742	\$	117,491,214	\$	312,686,758	\$	236,077,824

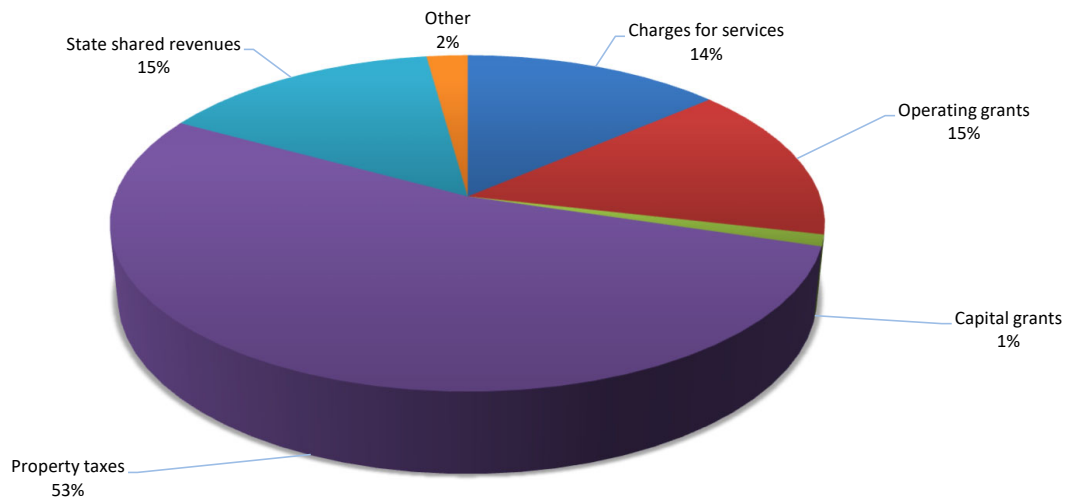
CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Expenses and Program Revenues - Governmental Activities



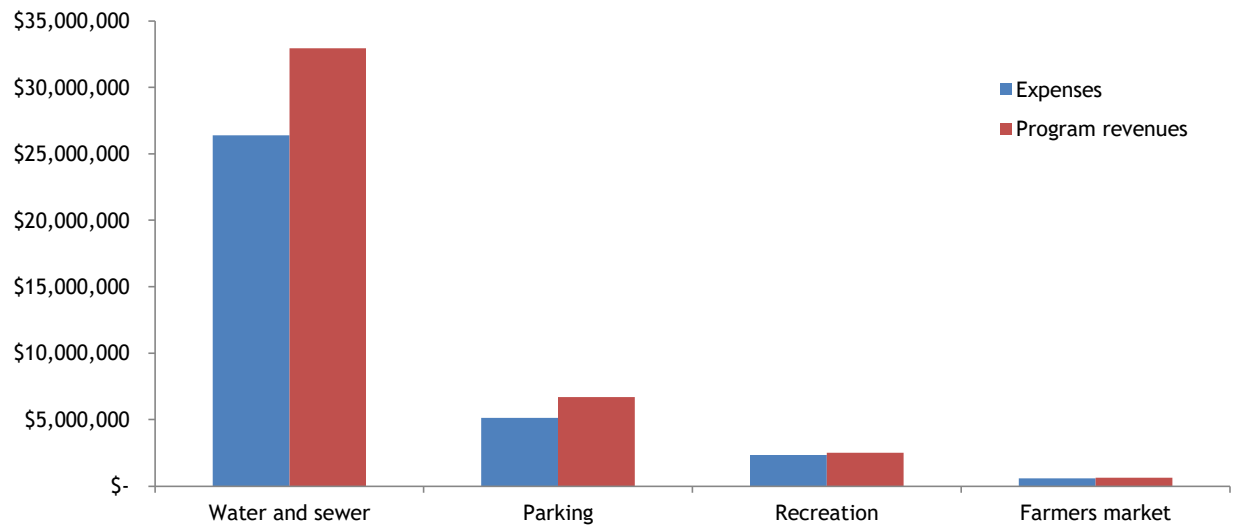
Revenues by Source - Governmental Activities



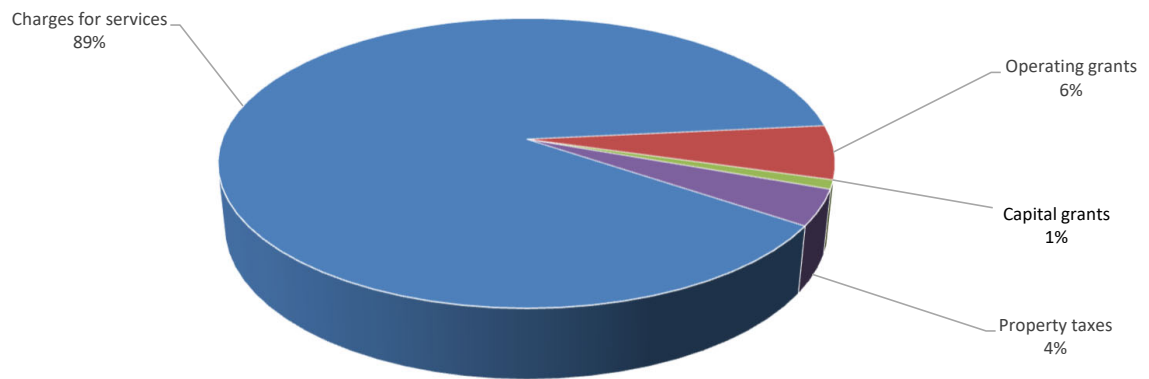
CITY OF ROYAL OAK, MICHIGAN

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 \$57,998,182. Of this amount, \$44,029,862 is legally restricted, committed and/or unavailable to spend (i.e. amounts tied up in inventories), \$3,111,600 is assigned for designated purposes, leaving \$10,856,720 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 the general fund had a \$624,067 positive final budget variance. Interest and rental revenues produced the largest positive variance of \$941,438 in addition to \$214,158 in property taxes. These increases were offset by shortfalls in state grants, fines and forfeitures, charges for services, and licenses and permits totaling \$628,541. Expenditures were \$1,591,141 below the original budget mostly due to personnel vacancies and attrition in general government functions, lower than anticipated activity in operating expenditures, and delays in capital outlay projects.

The fund balance of the city's general fund decreased by \$1,371,777 during the current fiscal year, however the original budget included \$2,862,264 use of fund balance. The change in fund balance is the net result of the difference between revenues and expenditures recorded within the fiscal year. Factors impacting the fund balance are outlined in the paragraph above with additional detail reflected in various financial statements.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,856,720 while total fund balance was \$12,534,068. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 20.2 percent of total general fund expenditures and transfers out, while total fund balance represents 23.3 percent of general fund expenditures and transfers out.

Public Safety Fund

The public safety fund has a total fund balance of \$2,722,221, a decrease of \$10,091,411. This represents a positive final budget variance of \$1,458,454. Expenditures were lower than the final budget by \$1,114,647 due to vacant positions, having a lower than estimated cost of liability insurance, and timing delays in the purchase of equipment and capital outlay purchases.

Local Streets Fund

The local streets fund has a total fund balance of \$1,919,291, a decrease of \$1,920,697 which represents a negative final budget variance of \$487,800. This variance is largely due to overages in planned construction projects, partially offset by special assessment collections and savings in parkway and winter maintenance expenditures.

State Construction Code Fund

The state construction code fund ended the year with a fund balance of \$16,399,092. This is the net result of lower than anticipated expenditures in personnel costs due to vacancies and attrition and a planned increase in fund balance. Total expenditures were offset by permit, registration, and inspection revenues which exceeded total expenditures by \$957,215.

City Capital Projects Fund

The city capital projects fund has a total fund balance of \$14,666,099, an increase of \$13,237,146. The majority of this balance represents the creation of a new accounting fund specifically used to track ARPA Enabled and other capital projects represented in the city's Capital Improvement Plan.

Water and Sewer Fund

Unrestricted net position of the water and sewer system at the end of the year amounted to a deficit of \$872,249, with a total increase in net position was \$11,403,402. 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.

CITY OF ROYAL OAK, MICHIGAN

Management's Discussion and Analysis

Automobile Parking System Fund

Unrestricted net position for the auto parking system fund amounted to \$2,158,866. The total increase in net position for this fund was \$5,632,421, which was primarily the result of contributions from the DDA of \$2.1 million, transfers from the general fund of \$1.0 million, and transfers from the city capital projects fund for ARPA enabled projects of \$2.5 million. These contributions were part of the deficit elimination plan that was filed with the State of Michigan for the auto parking fund.

Capital Assets and Debt Administration

Capital Assets

The city's investment in capital assets for its governmental and business-type activities amounts to \$431,396,884 (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 3.9 percent. Just over 3 percent of that increase is related to street improvements.

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 66,791,625	\$ 66,791,625	\$ 8,902,503	\$ 8,902,503	\$ 75,694,128	\$ 75,694,128
Construction in progress	26,433,144	19,475,677	8,690,125	7,000,552	35,123,269	26,476,229
Buildings	43,125,997	44,286,678	40,023,025	41,465,333	83,149,022	85,752,011
Improvements other than buildings	21,812,600	22,688,673	239,001	256,931	22,051,601	22,945,604
Machinery and equipment	8,855,007	8,610,539	362,970	410,433	9,217,977	9,020,972
Infrastructure	111,946,033	101,457,723	93,227,616	92,435,980	205,173,649	193,893,703
Intangibles	62,391	64,986	-	-	62,391	64,986
Lease easement property	3,147	22,029	-	-	3,147	22,029
Lease equipment	27,479	36,638	-	-	27,479	36,638
Subscription assets	894,221	1,161,217	-	-	894,221	1,161,217
Total	\$ 279,951,644	\$ 264,595,785	\$ 151,445,240	\$ 150,471,732	\$ 431,396,884	\$ 415,067,517

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 \$156,514,914. Of this amount, \$127,315,007 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. \$19,975,000 of debt is the balance of revenue bonds for two parking structures. Another \$842,980 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	
	2024	2023	2024	2023	2024	2023
Limited general obligation bonds	\$ 111,007,681	\$ 118,051,007	\$ 16,307,326	\$ 18,263,999	\$ 127,315,007	\$ 136,315,006
Revenue bonds	-	-	19,975,000	21,800,000	19,975,000	21,800,000
Contractual obligations	-	-	842,980	2,703,720	842,980	2,703,720
Compensated absences	4,525,430	3,898,561	208,631	226,739	4,734,061	4,125,300
General liability claims	928,750	652,890	-	-	928,750	652,890
Workers compensation claims	200,200	203,168	-	-	200,200	203,168
Unamortized premium	2,213,537	2,359,100	305,379	383,056	2,518,916	2,742,156
Total	<u>\$ 118,875,598</u>	<u>\$ 125,164,726</u>	<u>\$ 37,639,316</u>	<u>\$ 43,377,514</u>	<u>\$ 156,514,914</u>	<u>\$ 168,542,240</u>

The city's total debt decreased by \$12,027,326 (7.1 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 of AA stable based upon the city's budget flexibility as maintained in accordance with the city's established fund balance policy. The rating also reflects the long term liability burden countered by strong demographic and economic metrics. 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 \$448,773,844 (10 percent of \$4,487,738,440 assessed valuation). The city's total debt subject to the 10 percent legal limit amounts to \$130,626,921 or 2.91 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 2024-25 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 fully recognized this revenue and expended all grant funds through June 30, 2024.

Unassigned fund balance in the general fund decreased by approximately \$1.4 million to \$10.9 million. This unassigned fund balance for the general fund is approximately 20.2 percent of expenditures and transfers out for the 2024-25 fiscal year, which is above the target fund balance range. The city's original budget for fiscal year 2024-2025 plans \$2,691,379 use of fund balance.

For the 2024-2025 fiscal year, the quarterly water and sewer rates are \$141.50 per 1,000 cubic feet for the first 2,000 cubic feet and \$162.80 for every 1,000 cubic feet thereafter. In addition, all customers pay a \$16.00 flat fee per billing period to recoup the city's water/sewer administration costs. A drain debt millage is being levied for the sixth year. Next year's rate is 0.0520 mills, down from 0.5723 mills levied 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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 94,030,704	\$ 5,280,062	\$ 99,310,766	\$ 2,172,690
Receivables, net	10,801,817	10,832,416	21,634,233	25,479
Deposits and other assets	2,393,026	25,000	2,418,026	214,700
Internal balances	(6,366,347)	6,366,347	-	-
Inventories	420,814	631,985	1,052,799	-
Restricted assets, cash	1,069	-	1,069	-
Net other postemployment benefit asset	39,884,891	3,592,204	43,477,095	352,098
Capital assets not being depreciated	93,224,769	17,592,628	110,817,397	842,975
Capital assets being depreciated/amortized, net	186,726,875	133,852,612	320,579,487	302,043
Total assets	421,117,618	178,173,254	599,290,872	3,909,985
Deferred outflows of resources				
Deferred charge on refunding	19,843	401,107	420,950	-
Deferred pension amounts	9,140,138	90,107	9,230,245	9,048
Deferred other postemployment benefit amounts	3,483	314	3,797	30
Total deferred outflows of resources	9,163,464	491,528	9,654,992	9,078
Liabilities				
Accounts payable	6,087,784	3,084,271	9,172,055	148,832
Accrued and other liabilities	3,868,781	744,583	4,613,364	6,737
Cash bonds and deposits	5,252,303	6,600	5,258,903	-
Unearned revenue	3,165,987	11,113	3,177,100	-
Bonds, notes and other long-term liabilities:				
Due within one year	8,664,123	4,254,588	12,918,711	8,000
Due in more than one year	111,004,479	33,384,728	144,389,207	7,842
Net pension liability (due in more than one year)	109,689,599	1,121,775	110,811,374	112,653
Total liabilities	247,733,056	42,607,658	290,340,714	284,064
Deferred inflows of resources				
Deferred pension amounts	329,354	-	329,354	-
Deferred other postemployment benefit amounts	2,713,111	244,354	2,957,465	23,950
Deferred lease amounts	2,067,545	564,028	2,631,573	-
Total deferred inflows of resources	5,110,010	808,382	5,918,392	23,950
Net position				
Net investment in capital assets	245,244,364	124,525,508	369,769,872	1,145,018
Restricted for:				
Public, Educational, and Government				
Access ("PEG") fees	1,058,392	-	1,058,392	-
Highways and streets	8,309,110	-	8,309,110	-
Solid waste	2,552,744	-	2,552,744	-
Recreation and culture	2,894,118	-	2,894,118	-
Public safety	17,144,930	-	17,144,930	-
Grants	1,718,019	-	1,718,019	-
Indigent defense	83,380	-	83,380	-
Capital projects	902,081	-	902,081	-
Other postemployment benefits	39,884,891	3,592,204	43,477,095	352,098
Permanent fund:				
Expendable	11,914	-	11,914	-
Non-expendable	1,015	-	1,015	-
Unrestricted (deficit)	(142,366,942)	7,131,030	(135,235,912)	2,113,933
Total net position	\$ 177,438,016	\$ 135,248,742	\$ 312,686,758	\$ 3,611,049

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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 7,833,214	\$ 6,173,656	\$ 225,158	\$ -	\$ (1,434,400)
Public safety	13,428,958	4,900,239	12,309,880	68,030	3,849,191
Public works	15,229,444	686,000	782,218	1,167,961	(12,593,265)
Health and welfare	78,868	1,633,133	-	-	1,554,265
Community and economic development	(855,731)	319,768	2,303,472	-	3,478,971
Recreation and culture	5,585,268	1,634,416	1,082,388	-	(2,868,464)
Interest on long-term debt	4,571,998	-	-	-	(4,571,998)
Total governmental activities	45,872,019	15,347,212	16,703,116	1,235,991	(12,585,700)
Business-type activities:					
Water and sewer	26,387,033	32,829,485	71,556	32,602	6,546,610
Parking	5,137,775	4,249,895	2,447,170	-	1,559,290
Recreation	2,332,519	2,476,743	20,856	-	165,080
Farmers market	572,475	610,689	19,521	-	57,735
Total business-type activities	34,429,802	40,166,812	2,559,103	32,602	8,328,715
Total primary government	\$ 80,301,821	\$ 55,514,024	\$ 19,262,219	\$ 1,268,593	\$ (4,256,985)
Component units					
Tax Increment Financing Authority	\$ 7,414,542	\$ -	\$ 80,254	\$ -	\$ (7,334,288)
Downtown Development Authority	(99,066)	-	-	-	99,066
Brownfield Redevelopment Authority	483,803	-	-	-	(483,803)
Total component units	\$ 7,799,279	\$ -	\$ 80,254	\$ -	\$ (7,719,025)

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (12,585,700)	\$ 8,328,715	\$ (4,256,985)	\$ (7,719,025)
General revenues:				
Property taxes	59,732,005	2,077,281	61,809,286	6,534,717
Unrestricted state shared revenues	16,627,823	-	16,627,823	-
Unrestricted investment earnings	2,219,369	-	2,219,369	223,717
Gain on sale of capital assets	10,102	-	10,102	-
Miscellaneous	199,339	-	199,339	-
Transfers	(7,351,532)	7,351,532	-	-
Total general revenues and transfers	71,437,106	9,428,813	80,865,919	6,758,434
Change in net position	58,851,406	17,757,528	76,608,934	(960,591)
Net position, beginning of year	118,586,610	117,491,214	236,077,824	4,571,640
Net position, end of year	<u>\$ 177,438,016</u>	<u>\$ 135,248,742</u>	<u>\$ 312,686,758</u>	<u>\$ 3,611,049</u>

concluded.

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

CITY OF ROYAL OAK, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2024

	General	Public Safety	Local Streets	State Construction Code	City Capital Projects
Assets					
Cash and investments	\$ 16,255,336	\$ 3,815,898	\$ 4,444,890	\$ 16,439,087	\$ 14,818,901
Receivables, net	3,259,245	962,305	7,343	-	-
Due from other governmental units	1,236,646	2,805	312,185	-	-
Due from other funds	340,408	-	-	-	-
Prepaid items	93,395	-	-	-	-
Inventories	-	-	47,931	-	-
Restricted assets, cash	-	-	-	-	-
Total assets	\$ 21,185,030	\$ 4,781,008	\$ 4,812,349	\$ 16,439,087	\$ 14,818,901
Liabilities					
Accounts payable	\$ 960,567	\$ 96,026	\$ 2,349,141	\$ 3,917	\$ 152,802
Accrued and other liabilities	326,773	1,308,174	536,574	36,078	-
Due to other funds	-	-	-	-	-
Cash bonds and deposits	5,249,653	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	6,536,993	1,404,200	2,885,715	39,995	152,802
Deferred inflows of resources					
Unavailable revenue	46,424	654,587	7,343	-	-
Deferred lease amounts	2,067,545	-	-	-	-
Total deferred inflows of resources	2,113,969	654,587	7,343	-	-
Fund balances					
Nonspendable:					
Prepaid items	93,395	-	-	-	-
Inventories	-	-	47,931	-	-
Endowment	-	-	-	-	-
Restricted:					
PEG fees	1,058,392	-	-	-	-
Highways and streets	-	-	1,871,360	-	-
Solid waste	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Public safety	-	-	-	16,399,092	-
Indigent defense	-	-	-	-	-
Grants	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Permanent fund	-	-	-	-	-
Opioid settlement	-	136,182	-	-	-
Committed for capital projects	-	-	-	-	14,666,099
Assigned:					
Eligible retiree bank payouts	525,561	475,572	-	-	-
Public safety	-	2,110,467	-	-	-
Unassigned	10,856,720	-	-	-	-
Total fund balances	12,534,068	2,722,221	1,919,291	16,399,092	14,666,099
Total liabilities, deferred inflows of resources and fund balances	\$ 21,185,030	\$ 4,781,008	\$ 4,812,349	\$ 16,439,087	\$ 14,818,901

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 11,256,456	\$ 67,030,568
3,442,943	7,671,836
1,572,538	3,124,174
-	340,408
13,292	106,687
221,702	269,633
1,069	1,069
<u>\$ 16,508,000</u>	<u>\$ 78,544,375</u>
\$ 2,142,902	\$ 5,705,355
199,509	2,407,108
340,408	340,408
2,650	5,252,303
<u>3,165,987</u>	<u>3,165,987</u>
<u>5,851,456</u>	<u>16,871,161</u>
899,133	1,607,487
<u>-</u>	<u>2,067,545</u>
<u>899,133</u>	<u>3,675,032</u>
13,292	106,687
221,702	269,633
1,069	1,069
-	1,058,392
2,234,650	4,106,010
2,535,619	2,535,619
2,890,266	2,890,266
-	16,399,092
83,380	83,380
1,718,019	1,718,019
16,782	16,782
30,772	30,772
11,860	11,860
-	136,182
-	14,666,099
-	1,001,133
-	2,110,467
<u>-</u>	<u>10,856,720</u>
<u>9,757,411</u>	<u>57,998,182</u>
<u>\$ 16,508,000</u>	<u>\$ 78,544,375</u>



CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances for governmental funds	\$ 57,998,182
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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	93,224,769
Capital assets being depreciated/amortized, net	186,726,875
Less capital assets accounted for in internal service funds	(9,234,117)

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	1,607,487
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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	30,303,483
Internal service fund net position accounted for in business-type activities	(6,366,347)

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	(1,116,285)
Bonds, notes and other long-term liabilities	(104,780,156)
Unamortized bond premiums	(2,205,653)
Compensated absences	(4,405,727)

Certain pension and other postemployment benefit-related amounts, such as the net pension liability and other postemployment benefit asset 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	(109,350,644)
Deferred outflows related to the net pension liability	9,112,911
Deferred inflows related to the net pension liability	(329,354)
Net other postemployment benefit asset	38,894,968
Deferred outflows related to the net other postemployment benefit asset	3,397
Deferred inflows related to the net other postemployment benefit asset	(2,645,773)

Net position of governmental activities	\$ 177,438,016
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The accompanying notes are an integral part of these financial statements.

CITY OF ROYAL OAK, MICHIGAN

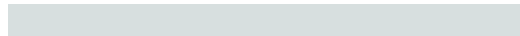
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2024

	General	Public Safety	Local Streets	State Construction Code	City Capital Projects
Revenues					
Taxes	\$ 27,273,158	\$ 12,353,904	\$ 7,768,435	\$ -	\$ -
Licenses and permits	1,655,607	32,208	-	2,264,801	-
Federal grants	3,861,645	6,735,659	-	-	22,835
State grants	7,589,090	153,473	2,040,570	-	-
Charges for services	2,793,708	2,189,330	-	-	-
Fines and forfeitures	5,130,104	-	-	-	-
Interest and rentals	2,569,938	281,271	95,689	652,532	52,801
Contributions and donations	784,692	548,100	225,608	-	-
Other revenue	199,339	39,201	8,290	16,956	-
Total revenues	51,857,281	22,333,146	10,138,592	2,934,289	75,636
Expenditures					
Current:					
General government	12,999,266	-	-	-	-
Public safety	480,664	33,385,785	-	1,969,574	-
Public works	1,816,752	-	14,468,662	-	1,211,986
Health and welfare	-	985,290	-	-	-
Community and economic development	676,305	-	-	-	-
Recreation and culture	3,350,489	-	-	-	-
Debt service:					
Principal payments	1,379,723	2,306,875	1,419,405	-	-
Interest and paying agent fees	1,089,164	1,677,431	160,710	-	-
Total expenditures	21,792,363	38,355,381	16,048,777	1,969,574	1,211,986
Revenues over (under) expenditures	30,064,918	(16,022,235)	(5,910,185)	964,715	(1,136,350)
Other financing sources (uses)					
Transfers in	485,599	23,590,000	3,989,488	-	22,331,801
Transfers out	(31,922,294)	(17,659,176)	-	(7,500)	(7,958,305)
Total other financing sources (uses)	(31,436,695)	5,930,824	3,989,488	(7,500)	14,373,496
Net change in fund balances	(1,371,777)	(10,091,411)	(1,920,697)	957,215	13,237,146
Fund balances, beginning of year, as previously reported	13,905,845	12,813,632	3,839,988	15,441,877	-
Changes within the reporting entity	-	-	-	-	1,428,953
Fund balances, beginning of year, as adjusted	13,905,845	12,813,632	3,839,988	15,441,877	1,428,953
Fund balances, end of year	\$ 12,534,068	\$ 2,722,221	\$ 1,919,291	\$ 16,399,092	\$ 14,666,099

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



(Formerly Major Fund) Grants	Nonmajor Governmental Funds	Total Governmental Funds
	\$ 12,282,693	\$ 59,678,190
	345,642	4,298,258
	1,360,693	11,980,832
	7,213,604	16,996,737
	640,261	5,623,299
	2,536	5,132,640
	1,086,183	4,738,414
	1,763,424	3,321,824
	34,615	298,401
	<u>24,729,651</u>	<u>112,068,595</u>
	830,824	13,830,090
	330,674	36,166,697
	17,936,210	35,433,610
	-	985,290
	1,182,979	1,859,284
	4,116,109	7,466,598
	1,810,895	6,916,898
	<u>1,700,627</u>	<u>4,627,932</u>
	<u>27,908,318</u>	<u>107,286,399</u>
	<u>(3,178,667)</u>	<u>4,782,196</u>
	4,057,347	54,454,235
	<u>(4,280,492)</u>	<u>(61,827,767)</u>
	<u>(223,145)</u>	<u>(7,373,532)</u>
	<u>(3,401,812)</u>	<u>(2,591,336)</u>
\$ 1,203,111	13,385,065	60,589,518
<u>(1,203,111)</u>	<u>(225,842)</u>	<u>-</u>
<u>\$ -</u>	<u>13,159,223</u>	<u>60,589,518</u>
	<u>\$ 9,757,411</u>	<u>\$ 57,998,182</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, 2024

Net change in fund balances - total governmental funds \$ (2,591,336)

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	21,705,630
Capital assets transferred to business-type activities	4,260
Depreciation/amortization expense	(6,105,626)

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	73,815
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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	6,916,898
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	55,938
Amortization of bond premium	143,987
Amortization of deferred charge on refunding	(8,968)
Change in the net pension liability and related deferred amounts	(6,279,381)
Change in other postemployment benefit asset/liability and related deferred amounts	42,926,930
Change in compensated absences	(637,752)

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	3,340,043
Internal service fund change in net position accounted for in business-type activities	(693,032)

Change in net position of governmental activities \$ 58,851,406

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 26,814,100	\$ 27,059,000	\$ 27,273,158	\$ 214,158
Licenses and permits	1,585,500	1,663,500	1,655,607	(7,893)
Federal grants	-	3,825,648	3,861,645	35,997
State grants	7,807,750	7,857,750	7,589,090	(268,660)
Charges for services	2,867,690	2,867,690	2,793,708	(73,982)
Fines and forfeitures	4,966,310	5,408,110	5,130,104	(278,006)
Interest and rentals	1,582,500	1,628,500	2,569,938	941,438
Contributions and donations	782,000	782,000	784,692	2,692
Other revenue	33,300	141,300	199,339	58,039
Total revenues	<u>46,439,150</u>	<u>51,233,498</u>	<u>51,857,281</u>	<u>623,783</u>
Expenditures				
Current:				
General government	14,588,940	14,145,960	12,999,266	(1,146,694)
Public safety	425,416	482,416	480,664	(1,752)
Public works	1,868,361	1,868,361	1,816,752	(51,609)
Community and economic development	656,932	731,432	676,305	(55,127)
Recreation and culture	3,440,535	3,700,535	3,350,489	(350,046)
Debt service:				
Principal payments	1,364,800	1,364,800	1,379,723	14,923
Interest and paying agent fees	1,090,000	1,090,000	1,089,164	(836)
Total expenditures	<u>23,434,984</u>	<u>23,383,504</u>	<u>21,792,363</u>	<u>(1,591,141)</u>
Revenues over expenditures	<u>23,004,166</u>	<u>27,849,994</u>	<u>30,064,918</u>	<u>2,214,924</u>
Other financing sources (uses)				
Transfers in	40,000	485,315	485,599	284
Transfers out	(25,906,430)	(31,962,845)	(31,922,294)	(40,551)
Total other financing sources (uses)	<u>(25,866,430)</u>	<u>(31,477,530)</u>	<u>(31,436,695)</u>	<u>40,835</u>
Net change in fund balance	<u>(2,862,264)</u>	<u>(3,627,536)</u>	<u>(1,371,777)</u>	<u>2,255,759</u>
Fund balance, beginning of year	<u>13,905,845</u>	<u>13,905,845</u>	<u>13,905,845</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,043,581</u>	<u>\$ 10,278,309</u>	<u>\$ 12,534,068</u>	<u>\$ 2,255,759</u>

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 12,337,700	\$ 12,337,700	\$ 12,353,904	\$ 16,204
Licenses and permits	23,000	32,000	32,208	208
Federal grants	-	6,735,660	6,735,659	(1)
State grants	127,900	215,690	153,473	(62,217)
Charges for services	1,519,590	1,788,090	2,189,330	401,240
Interest and rentals	30,200	300,200	281,271	(18,929)
Contributions and donations	540,000	540,000	548,100	8,100
Other revenue	40,000	40,000	39,201	(799)
Total revenues	14,618,390	21,989,340	22,333,146	343,806
Expenditures				
Current:				
Public safety	33,845,819	34,738,959	33,385,785	(1,353,174)
Health and welfare	1,014,569	969,069	985,290	16,221
Debt service:				
Principal payments	2,096,800	2,096,800	2,306,875	210,075
Interest and paying agent fees	1,665,200	1,665,200	1,677,431	12,231
Total expenditures	38,622,388	39,470,028	38,355,381	(1,114,647)
Revenues under expenditures	(24,003,998)	(17,480,688)	(16,022,235)	1,458,453
Other financing sources (uses)				
Transfers in	23,090,000	23,590,000	23,590,000	-
Transfers out	-	(17,659,177)	(17,659,176)	(1)
Total other financing sources (uses)	23,090,000	5,930,823	5,930,824	1
Net change in fund balance	(913,998)	(11,549,865)	(10,091,411)	1,458,454
Fund balance, beginning of year	12,813,632	12,813,632	12,813,632	-
Fund balance, end of year	\$ 11,899,634	\$ 1,263,767	\$ 2,722,221	\$ 1,458,454

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,716,600	\$ 7,716,600	\$ 7,768,435	\$ 51,835
State grants	2,133,600	2,133,600	2,040,570	(93,030)
Interest and rentals	49,230	49,230	95,689	46,459
Contributions and donations	-	225,610	225,608	(2)
Other revenue	-	-	8,290	8,290
Total revenues	<u>9,899,430</u>	<u>10,125,040</u>	<u>10,138,592</u>	<u>13,552</u>
Expenditures				
Current -				
Public works	13,700,820	13,300,820	14,468,662	1,167,842
Debt service:				
Principal payments	1,420,500	1,420,500	1,419,405	(1,095)
Interest and paying agent fees	161,250	161,250	160,710	(540)
Total expenditures	<u>15,282,570</u>	<u>14,882,570</u>	<u>16,048,777</u>	<u>1,166,207</u>
Revenues under expenditures	(5,383,140)	(4,757,530)	(5,910,185)	(1,152,655)
Other financing sources				
Transfers in	974,800	3,324,633	3,989,488	664,855
Net change in fund balance	(4,408,340)	(1,432,897)	(1,920,697)	(487,800)
Fund balance, beginning of year	<u>3,839,988</u>	<u>3,839,988</u>	<u>3,839,988</u>	<u>-</u>
Fund balance, end of year	<u>\$ (568,352)</u>	<u>\$ 2,407,091</u>	<u>\$ 1,919,291</u>	<u>\$ (487,800)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 2,324,100	\$ 2,558,100	\$ 2,264,801	\$ (293,299)
Interest and rentals	277,100	675,000	652,532	(22,468)
Other revenue	30,000	30,000	16,956	(13,044)
Total revenues	2,631,200	3,263,100	2,934,289	(328,811)
Expenditures				
Current -				
Public safety	2,331,262	2,416,062	1,969,574	(446,488)
Revenues over (under) expenditures	299,938	847,038	964,715	117,677
Other financing uses				
Transfers out	(5,000)	(7,500)	(7,500)	-
Net change in fund balance	294,938	839,538	957,215	117,677
Fund balance, beginning of year	15,441,877	15,441,877	15,441,877	-
Fund balance, end of year	<u>\$ 15,736,815</u>	<u>\$ 16,281,415</u>	<u>\$ 16,399,092</u>	<u>\$ 117,677</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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 1,151,061	\$ 3,264,301	\$ 864,700	\$ 5,280,062	\$ 27,000,136
Receivables, net	10,054,014	6,193	21,041	10,081,248	5,807
Prepaid items	-	-	25,000	25,000	2,286,339
Inventories	605,261	26,724	-	631,985	151,181
Total current assets	11,810,336	3,297,218	910,741	16,018,295	29,443,463
Noncurrent assets:					
Due from other governmental units	187,140	-	-	187,140	-
Lease receivable	-	437,418	126,610	564,028	-
Net other postemployment benefit asset	2,803,517	515,213	273,474	3,592,204	989,923
Capital assets not being depreciated	8,699,531	8,697,785	195,312	17,592,628	181,944
Capital assets being depreciated/amortized, net	93,468,430	35,847,538	4,536,644	133,852,612	9,052,173
Total noncurrent assets	105,158,618	45,497,954	5,132,040	155,788,612	10,224,040
Total assets	116,968,954	48,795,172	6,042,781	171,806,907	39,667,503
Deferred outflows of resources					
Deferred charge on refunding	108,752	292,355	-	401,107	19,843
Deferred pension amounts	69,264	13,586	7,257	90,107	27,227
Deferred other postemployment benefit amounts	245	45	24	314	86
Total deferred outflows of resources	178,261	305,986	7,281	491,528	47,156
Liabilities					
Current liabilities:					
Accounts payable	2,914,045	66,533	103,693	3,084,271	382,429
Accrued and other liabilities	490,186	234,995	19,402	744,583	345,388
Cash bonds and deposits	250	6,350	-	6,600	-
Unearned revenue	-	-	11,113	11,113	-
Bonds and notes payable, due within one year	1,217,489	2,868,317	64,781	4,150,587	377,786
Other long-term liabilities, current	-	-	-	-	713,912
Compensated absences, current	73,487	23,788	6,726	104,001	58,838
Total current liabilities	4,695,457	3,199,983	205,715	8,101,155	1,878,353
Noncurrent liabilities:					
Bonds and notes payable	10,867,277	21,294,289	1,118,532	33,280,098	5,966,652
Other long-term liabilities	-	-	-	-	1,099,013
Compensated absences	73,932	23,932	6,766	104,630	60,865
Net pension liability	862,297	169,138	90,340	1,121,775	338,955
Total noncurrent liabilities	11,803,506	21,487,359	1,215,638	34,506,503	7,465,485
Total liabilities	16,498,963	24,687,342	1,421,353	42,607,658	9,343,838
Deferred inflows of resources					
Deferred other postemployment benefit amounts	190,705	35,046	18,603	244,354	67,338
Deferred lease amounts	-	437,418	126,610	564,028	-
Total deferred inflows of resources	190,705	472,464	145,213	808,382	67,338
Net position					
Net investment in capital assets	98,526,279	21,267,273	4,731,956	124,525,508	8,331,442
Restricted for other postemployment benefits	2,803,517	515,213	273,474	3,592,204	989,923
Unrestricted (deficit)	(872,249)	2,158,866	(521,934)	764,683	20,982,118
Total net position	\$ 100,457,547	\$ 23,941,352	\$ 4,483,496	\$ 128,882,395	\$ 30,303,483

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, 2024

Net position - total enterprise funds \$ 128,882,395

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 6,366,347

Net position of business-type activities \$ 135,248,742

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 32,782,044	\$ 4,231,006	\$ 3,066,706	\$ 40,079,756	\$ 17,456,580
Other	47,441	18,889	20,726	87,056	1,991,562
Total operating revenues	<u>32,829,485</u>	<u>4,249,895</u>	<u>3,087,432</u>	<u>40,166,812</u>	<u>19,448,142</u>
Operating expenses					
Salaries and benefits	(527,358)	195,944	90,281	(241,133)	9,617,674
Supplies	668,564	63,227	132,371	864,162	1,111,305
Sewage disposal services	14,386,861	-	-	14,386,861	-
Other services and charges	8,413,946	2,803,300	2,438,710	13,655,956	3,438,422
Depreciation/amortization	3,526,554	1,239,052	250,927	5,016,533	1,708,457
Total operating expenses	<u>26,468,567</u>	<u>4,301,523</u>	<u>2,912,289</u>	<u>33,682,379</u>	<u>15,875,858</u>
Operating income (loss)	<u>6,360,918</u>	<u>(51,628)</u>	<u>175,143</u>	<u>6,484,433</u>	<u>3,572,284</u>
Nonoperating revenues (expenses)					
Taxes	2,077,281	-	-	2,077,281	-
State grants	25,437	300,000	-	325,437	-
Interest income	71,556	60,616	40,377	172,549	-
Contributions	7,165	2,086,554	-	2,093,719	-
Interest expense	(495,128)	(895,980)	(49,347)	(1,440,455)	(264,343)
Gain on sale of capital assets	-	-	-	-	10,102
Total nonoperating revenues (expenses)	<u>1,686,311</u>	<u>1,551,190</u>	<u>(8,970)</u>	<u>3,228,531</u>	<u>(254,241)</u>
Income before transfers	<u>8,047,229</u>	<u>1,499,562</u>	<u>166,173</u>	<u>9,712,964</u>	<u>3,318,043</u>
Transfers					
Transfers in	3,363,673	4,132,859	-	7,496,532	22,000
Transfers out	(7,500)	-	(137,500)	(145,000)	-
Net transfers	<u>3,356,173</u>	<u>4,132,859</u>	<u>(137,500)</u>	<u>7,351,532</u>	<u>22,000</u>
Change in net position	<u>11,403,402</u>	<u>5,632,421</u>	<u>28,673</u>	<u>17,064,496</u>	<u>3,340,043</u>
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 100,457,547</u>	<u>\$ 23,941,352</u>	<u>\$ 4,483,496</u>	<u>\$ 128,882,395</u>	<u>\$ 30,303,483</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, 2024

Change in net position - total enterprise funds	\$ 17,064,496
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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

693,032

Change in net position of business-type activities

<u>\$ 17,757,528</u>

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

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 32,717,762	\$ 4,228,743	\$ 3,266,862	\$ 40,213,367	\$ -
Internal activity - receipts from other funds	-	-	-	-	17,456,580
Other operating receipts	47,441	18,889	20,726	87,056	1,991,562
Payments to vendors	(23,387,162)	(2,936,862)	(2,625,942)	(28,949,966)	(4,169,864)
Payments to employees	(2,462,269)	(703,617)	(369,402)	(3,535,288)	(10,802,909)
Net cash provided by operating activities	<u>6,915,772</u>	<u>607,153</u>	<u>292,244</u>	<u>7,815,169</u>	<u>4,475,369</u>
Cash flows from noncapital financing activities					
Tax revenues received	2,077,281	-	-	2,077,281	-
Grants received	25,437	300,000	-	325,437	-
Contributions and donations	7,165	2,086,554	-	2,093,719	-
Transfers from other funds	3,363,673	4,132,859	-	7,496,532	22,000
Transfers to other funds	(7,500)	-	(137,500)	(145,000)	-
Principal paid on bonds payable	(502,490)	(31,393)	(62,786)	(596,669)	(324,396)
Interest paid on bonds payable	(342,054)	(21,682)	(49,347)	(413,083)	(253,163)
Net cash provided by (used in) noncapital financing activities	<u>4,621,512</u>	<u>6,466,338</u>	<u>(249,633)</u>	<u>10,838,217</u>	<u>(555,559)</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	(5,994,301)	-	-	(5,994,301)	(1,500,284)
Transfer of capital assets from governmental activities	-	-	4,260	4,260	-
Issuance of other long-term liabilities	-	-	-	-	93,252
Principal paid on bonds payable and other long-term liabilities	(2,334,145)	(2,711,599)	-	(5,045,744)	(242,965)
Interest paid on bonds payable and other long-term liabilities	(157,528)	(845,460)	-	(1,002,988)	(8,782)
Proceeds from sale of capital assets	-	-	-	-	50,334
Net cash provided by (used in) capital and related financing activities	<u>(8,485,974)</u>	<u>(3,557,059)</u>	<u>4,260</u>	<u>(12,038,773)</u>	<u>(1,608,445)</u>
Cash flows from investing activities					
Interest received on investments	<u>71,556</u>	<u>60,616</u>	<u>40,377</u>	<u>172,549</u>	<u>-</u>
Net change in cash and investments	<u>3,122,866</u>	<u>3,577,048</u>	<u>87,248</u>	<u>6,787,162</u>	<u>2,311,365</u>
Cash and investments balances, beginning of year	<u>(1,971,805)</u>	<u>(312,747)</u>	<u>777,452</u>	<u>(1,507,100)</u>	<u>24,688,771</u>
Cash and investments balances, end of year	<u>\$ 1,151,061</u>	<u>\$ 3,264,301</u>	<u>\$ 864,700</u>	<u>\$ 5,280,062</u>	<u>\$ 27,000,136</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Automobile Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 6,360,918	\$ (51,628)	\$ 175,143	\$ 6,484,433	\$ 3,572,284
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation/amortization	3,526,554	1,239,052	250,927	5,016,533	1,708,457
Changes in assets and liabilities:					
Receivables, net	(35,769)	(2,263)	196,423	158,391	688,820
Prepaid items	-	-	(25,000)	(25,000)	(445,793)
Inventories	(153,177)	(5,411)	-	(158,588)	(678)
Due from other governmental units	(28,513)	-	-	(28,513)	-
Lease receivable	-	19,514	20,861	40,375	-
Net other postemployment benefit asset	(3,455,059)	(617,560)	(328,104)	(4,400,723)	(1,246,633)
Deferred outflows related to the net pension liability	1,910	(2,703)	(1,312)	(2,105)	273
Deferred outflows related to the net other postemployment asset	200,559	31,498	16,813	248,870	79,031
Accounts payable	205,862	11,097	(29,861)	187,098	(138,346)
Accrued and other liabilities	29,524	(76,021)	(2,717)	(49,214)	(107,927)
Unearned revenue	-	-	3,733	3,733	-
Other long-term liabilities	-	-	-	-	272,892
Compensated absences	(7,332)	(3,412)	(7,364)	(18,108)	(10,883)
Net pension liability	79,840	49,497	24,981	154,318	36,632
Deferred inflows related to the net other postemployment asset	190,455	35,007	18,582	244,044	67,240
Deferred inflows related to leases	-	(19,514)	(20,861)	(40,375)	-
Net cash provided by operating activities	<u>\$ 6,915,772</u>	<u>\$ 607,153</u>	<u>\$ 292,244</u>	<u>\$ 7,815,169</u>	<u>\$ 4,475,369</u>
Noncash capital and related financing activities					
Change in accounts payable related to capital asset additions	<u>\$ (26,439)</u>	<u>\$ (62,511)</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, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets		
Cash and investments	\$ 434,621	\$ 290,073
Investments, at fair value:		
Mutual funds	191,687,802	-
Equities	98,266,004	-
Other assets	29,697,278	-
Receivables	123,712	-
Total assets	320,209,417	290,073
Liabilities		
Accounts payable	273,067	-
Undistributed receipts	-	145,102
Due to City of Berkley	-	12,259
Due to other governmental units	-	30
Bonds and deposits	-	81,412
Total liabilities	273,067	238,803
Net position		
Restricted for:		
Pension benefits	161,883,131	-
Other postemployment benefits	158,053,219	-
Individuals, organizations and other governments	-	51,270
Total net position	\$ 319,936,350	\$ 51,270

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, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Contributions:		
Employer	\$ 10,660,423	\$ -
Plan members	997,090	-
Employee service purchases	37,746	-
Total contributions	<u>11,695,259</u>	<u>-</u>
Investment earnings:		
Net change in fair value of investments	30,767,690	-
Interest	81,569	-
Dividends	6,801,948	-
Other investment revenues	282,644	-
Total investment income	<u>37,933,851</u>	<u>-</u>
Less investment expenses	<u>1,879,999</u>	<u>-</u>
Net investment income	<u>36,053,852</u>	<u>-</u>
Taxes collected for other governments	-	92,662,655
Other additions	<u>-</u>	<u>1,040,891</u>
Total additions	<u>47,749,111</u>	<u>93,703,546</u>
Deductions		
Benefits	25,102,065	-
Refund of contributions	1,562,929	-
Administrative expenses	80,338	-
Payments of taxes to other governments	-	92,662,655
Other deductions	<u>-</u>	<u>1,226,342</u>
Total deductions	<u>26,745,332</u>	<u>93,888,997</u>
Change in net position	21,003,779	(185,451)
Net position, beginning of year	<u>298,932,571</u>	<u>236,721</u>
Net position, end of year	<u><u>\$ 319,936,350</u></u>	<u><u>\$ 51,270</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, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 1,619,278	\$ 125,262	\$ 428,150	\$ 2,172,690
Receivables, net	20,453	-	5,026	25,479
Prepaid items	214,700	-	-	214,700
Net other postemployment benefit asset	199,610	152,488	-	352,098
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets being depreciated, net	302,043	-	-	302,043
Total assets	3,199,059	277,750	433,176	3,909,985
Deferred outflows of resources				
Deferred pension amounts	5,081	3,967	-	9,048
Deferred other postemployment benefit amounts	17	13	-	30
Total deferred outflows of resources	5,098	3,980	-	9,078
Liabilities				
Accounts payable	137,197	-	11,635	148,832
Accrued and other liabilities	4,175	2,562	-	6,737
Long-term debt:				
Due within one year	3,080	4,920	-	8,000
Due in more than one year	3,015	4,827	-	7,842
Net pension liability (due in more than one year)	63,259	49,394	-	112,653
Total liabilities	210,726	61,703	11,635	284,064
Deferred inflows of resources				
Deferred other postemployment benefit amounts	13,578	10,372	-	23,950
Net position				
Investment in capital assets	1,145,018	-	-	1,145,018
Restricted for other postemployment benefits	199,610	152,488	-	352,098
Unrestricted	1,635,225	57,167	421,541	2,113,933
Total net position	\$ 2,979,853	\$ 209,655	\$ 421,541	\$ 3,611,049

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, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Expenses				
Tax Increment Financing Authority	\$ 7,414,542	\$ -	\$ -	\$ 7,414,542
Downtown Development Authority	-	(99,066)	-	(99,066)
Brownfield Redevelopment Authority	-	-	483,803	483,803
Total expenses	7,414,542	(99,066)	483,803	7,799,279
Program revenues				
Operating grants and contributions	80,254	-	-	80,254
Net expense	(7,334,288)	99,066	(483,803)	(7,719,025)
General revenues				
Property taxes	6,005,240	50,154	479,323	6,534,717
Unrestricted investment earnings	189,557	5,637	28,523	223,717
Total general revenues	6,194,797	55,791	507,846	6,758,434
Change in net position	(1,139,491)	154,857	24,043	(960,591)
Net position, beginning of year	4,119,344	54,798	397,498	4,571,640
Net position, end of year	\$ 2,979,853	\$ 209,655	\$ 421,541	\$ 3,611,049

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, 2024, the City expensed approximately \$6,325,000 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, 2024, the City expensed approximately \$4,279,000 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

The government reports the following major governmental funds:

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

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

The *local streets 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 *City capital projects fund* is used to account for and report financial resources that have been committed by the City for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

Receivables and Payables

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

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

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

Property, plant, and equipment is depreciated/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

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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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.

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 costs 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Compensated Absences

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

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 pension and other postemployment benefit costs 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

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

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

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, net other postemployment benefit asset, 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 30th. The appropriated budget is prepared by fund, activity, (e.g. general government, public safety, etc.) and department. Budget amendments are submitted for Commission approval on a quarterly basis. The Commission makes supplemental budgetary appropriations throughout the year mostly a result of the mid-year review.

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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	\$ 1,364,800	\$ 1,379,723	\$ 14,923
Public safety:			
Health and welfare	969,069	985,290	16,221
Principal payments	2,096,800	2,306,875	210,075
Interest and paying agent fees	1,665,200	1,677,431	12,231
Local streets - public works	13,300,820	14,468,662	1,167,842
Solid waste - principal payments	127,000	145,635	18,635

Deficit Fund Equity

The water and sewer enterprise fund reported a deficit in unrestricted net position in the amount of \$718,726 at June 30, 2024. The fund had total net position of \$100,611,070, as well as a positive working capital reserve at year end.

The recreation administration enterprise fund reported a deficit in unrestricted net position in the amount of \$996,623 at June 30, 2024. The fund had total net position of \$1,814,733, 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 \$171,112 at June 30, 2024. The fund had total net position of \$1,046,573, 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
Statement of Net Position			
Cash and investments	\$ 99,310,766	\$ 2,172,690	\$ 101,483,456
Restricted assets	1,069	-	1,069
	<u>99,311,835</u>	<u>2,172,690</u>	<u>101,484,525</u>
Statement of Fiduciary Net Position			
Pension and OPEB trust funds -			
Cash and Investments	320,085,705	-	320,085,705
Custodial funds -			
Cash and investments	290,073	-	290,073
	<u>320,375,778</u>	<u>-</u>	<u>320,375,778</u>
Total	<u>\$ 419,687,613</u>	<u>\$ 2,172,690</u>	<u>\$ 421,860,303</u>
Deposits and investments			
Bank deposits (checking and savings accounts, certificates of deposit)			\$ 47,721,763
Investments:			
Equities:			
Large cap global equities			12,695,862
Large cap domestic equities			55,793,630
Small and mid cap equities			20,677,066
Developed international equities			14,061,368
Emerging markets equities			6,327,896
Bond mutual funds			66,830,228
Government obligations mutual funds			2,334,638
Equity mutual funds			98,226,004
Other mutual funds			8,799,102
U.S. agencies			18,721,087
Michigan CLASS government investment pool			33,059,942
Real estate			3,005,010
Money market funds			205
Commercial paper			1,001,514
Municipal bonds			1,250,199
Pooled investment funds:			
SEI structured credit fund			14,128,133
SEI core property collective fund			12,690,569
SEI global private assets			2,878,576
Monroe Capital private credit fund			1,652,660
Cash on hand			<u>4,851</u>
Total			<u>\$ 421,860,303</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	\$ 13,863,027	10.53
High yield	3,141,379	4.12
Core fixed income	12,025,735	9.10
Limited duration bond fund	4,696,038	2.60
Baird intermediate	24,105,983	3.85
Loomis Sayles	4,432,543	6.13
Pacific funds floating rate	4,565,523	0.36
Total	<u>\$ 66,830,228</u>	

Maturity dates for U.S. agencies, commercial paper and municipal bonds are summarized as follows:

	Fair Value	Investment maturities (fair value by years)		
		Less Than 1	1 - 5	6 - 10
U.S. agencies	\$ 18,721,087	\$ 9,553,532	\$ 9,167,555	\$ -
Commercial paper	1,001,514	1,001,514	-	-
Municipal bonds	1,250,199	496,571	753,628	-
	<u>\$ 20,972,800</u>	<u>\$ 11,051,617</u>	<u>\$ 9,921,183</u>	<u>\$ -</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classifications established by not less than two standard rating services. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The City's investments in the government obligations mutual funds, U.S. agencies, Michigan CLASS and bond mutual funds were rated as follows:

Investment Type	Amount	Rating (S&P)
Government obligations mutual funds	2,334,638	AAAm
U.S. agencies	18,721,087	AA
Michigan CLASS investment pool	33,059,942	AAAm
Bond mutual funds	98,321	AAA
Bond mutual funds	531,559	AA+
Bond mutual funds	429,170	AA
Bond mutual funds	191,149	AA-

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, 2024, \$46,552,519 of the City's bank balance of \$49,062,667 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. As of June 30, 2024, the City's investments consisted of equities, mutual funds and other assets totaling \$374,133,689. 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, 2024, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

The City had the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Equities	\$ 109,555,822	\$ -	\$ -	\$ 109,555,822
Bond mutual funds	66,830,228	-	-	66,830,228
Equity mutual funds	98,226,004	-	-	98,226,004
Other mutual funds	8,799,102	-	-	8,799,102
U.S. agencies	-	18,721,087	-	18,721,087
Government bond funds	2,334,638	-	-	2,334,638
SEI global private assets	2,878,576	-	-	2,878,576
Monroe Capital private credit fund	1,652,660	-	-	1,652,660
Real estate	-	-	3,005,010	3,005,010
Money market funds	-	205	-	205
Commercial paper	1,001,514	-	-	1,001,514
Municipal bonds	1,250,199	-	-	1,250,199
Total investments at fair value	\$ 292,528,743	\$ 18,721,292	\$ 3,005,010	314,255,045
Investments measured at NAV				
Michigan CLASS investment pool				33,059,942
SEI structured credit fund				14,128,133
SEI core property collective fund				12,690,569
Total investments measured at NAV				59,878,644
Total investments				\$ 374,133,689

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

At June 30, 2024, 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	\$ 33,059,942	\$ -	N/A	None
SEI Structured Credit Fund	14,128,133	-	N/A	None
SEI Core Property Collective Fund	12,690,569	-	N/A	None
Total	\$ 59,878,644	\$ -		

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units	Not Expected to be Collected Within One Year
Accounts	\$ 1,114,661	\$ 10,078,714	\$ -	\$ 584,962
Loans	2,462,101	-	-	2,462,101
Taxes (current)	-	-	5,026	-
Taxes (delinquent)	148,285	8,331	68,787	-
Special assessments	871,309	-	-	423,425
Leases	2,067,545	564,028	-	2,458,766
Intergovernmental	3,124,174	187,140	-	187,140
Interest and other	1,106,009	-	-	-
Less: allowance for uncollectibles	(92,267)	(5,797)	(48,334)	-
	<u>\$ 10,801,817</u>	<u>\$ 10,832,416</u>	<u>\$ 25,479</u>	<u>\$ 6,116,394</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 340,408	\$ -
Nonmajor governmental funds	-	340,408
	<u>\$ 340,408</u>	<u>\$ 340,408</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$6,366,347. 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	City Capital Projects	Nonmajor Governmental Funds
General fund	\$ -	\$ 23,500,000	\$ -	\$ 4,349,705	\$ 3,072,589
Public safety	-	-	-	17,659,176	-
State construction code	-	-	-	-	7,500
City capital projects	445,313	-	88,859	-	923,111
Nonmajor governmental funds	286	-	3,900,629	322,920	39,147
Water and sewer fund	-	-	-	-	7,500
Nonmajor enterprise funds	40,000	90,000	-	-	7,500
	<u>\$ 485,599</u>	<u>\$ 23,590,000</u>	<u>\$ 3,989,488</u>	<u>\$ 22,331,801</u>	<u>\$ 4,057,347</u>

Transfers Out	Transfers In			
	Water & Sewer Fund	Automobile Parking System	Internal Service Funds	Total
General fund	\$ -	\$ 1,000,000	\$ -	\$ 31,922,294
Public safety	-	-	-	17,659,176
State construction code	-	-	-	7,500
City capital projects	3,346,163	3,132,859	22,000	7,958,305
Nonmajor governmental funds	17,510	-	-	4,280,492
Water and sewer fund	-	-	-	7,500
Nonmajor enterprise funds	-	-	-	137,500
	<u>\$ 3,363,673</u>	<u>\$ 4,132,859</u>	<u>\$ 22,000</u>	<u>\$ 61,972,767</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, auto parking fund, and other nonmajor funds; (2) allocate resources, including funds made available by using ARPA for operating costs in both the general fund and public safety fund, to the capital projects fund to finance ongoing and future projects; and (3) fund various ARPA-enabled projects within the local streets fund, water and sewer fund, and parking fund with funds from the capital projects fund.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Primary Government

Capital asset activity for the current year was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 66,791,625	\$ -	\$ -	\$ -	\$ 66,791,625
Construction in progress	19,475,677	21,109,776	-	(14,152,309)	26,433,144
	<u>86,267,302</u>	<u>21,109,776</u>	<u>-</u>	<u>(14,152,309)</u>	<u>93,224,769</u>
Capital assets, being depreciated/amortized:					
Buildings	63,262,103	170,419	-	-	63,432,522
Improvements other than buildings	27,874,559	440,570	-	5,588	28,320,717
Machinery and equipment	25,058,677	1,391,897	(223,771)	654,863	26,881,666
Infrastructure	181,803,791	-	-	13,496,118	195,299,909
Intangibles	179,006	-	-	-	179,006
Lease easement property (Note 9)	37,764	-	-	-	37,764
Lease equipment (Note 9)	45,797	-	-	-	45,797
Subscription assets (Note 10)	1,463,518	93,252	-	-	1,556,770
	<u>299,725,215</u>	<u>2,096,138</u>	<u>(223,771)</u>	<u>14,156,569</u>	<u>315,754,151</u>
Less accumulated depreciation/amortization for:					
Buildings	(18,975,425)	(1,331,100)	-	-	(20,306,525)
Improvements other than buildings	(5,185,886)	(1,322,231)	-	-	(6,508,117)
Machinery and equipment	(16,448,138)	(1,762,060)	183,539	-	(18,026,659)
Infrastructure	(80,346,068)	(3,007,808)	-	-	(83,353,876)
Intangibles	(114,020)	(2,595)	-	-	(116,615)
Lease easement property (Note 9)	(15,735)	(18,882)	-	-	(34,617)
Lease equipment (Note 9)	(9,159)	(9,159)	-	-	(18,318)
Subscription assets (Note 10)	(302,301)	(360,248)	-	-	(662,549)
	<u>(121,396,732)</u>	<u>(7,814,083)</u>	<u>183,539</u>	<u>-</u>	<u>(129,027,276)</u>
Total capital assets being depreciated/amortized, net	<u>178,328,483</u>	<u>(5,717,945)</u>	<u>(40,232)</u>	<u>14,156,569</u>	<u>186,726,875</u>
Governmental activities capital assets, net	<u>\$ 264,595,785</u>	<u>\$ 15,391,831</u>	<u>\$ (40,232)</u>	<u>\$ 4,260</u>	<u>\$ 279,951,644</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 8,902,503	\$ -	\$ -	\$ -	\$ 8,902,503
Construction in progress	7,000,552	5,994,301	-	(4,304,728)	8,690,125
	<u>15,903,055</u>	<u>5,994,301</u>	<u>-</u>	<u>(4,304,728)</u>	<u>17,592,628</u>
Capital assets, being depreciated:					
Buildings	64,292,206	-	-	-	64,292,206
Improvements other than buildings	558,146	-	-	-	558,146
Machinery and equipment	1,826,156	-	-	-	1,826,156
Infrastructure	157,723,279	-	-	4,300,468	162,023,747
	<u>224,399,787</u>	<u>-</u>	<u>-</u>	<u>4,300,468</u>	<u>228,700,255</u>
Less accumulated depreciation for:					
Buildings	(22,826,873)	(1,442,308)	-	-	(24,269,181)
Improvements other than buildings	(301,215)	(17,930)	-	-	(319,145)
Machinery and equipment	(1,415,723)	(47,463)	-	-	(1,463,186)
Infrastructure	(65,287,299)	(3,508,832)	-	-	(68,796,131)
	<u>(89,831,110)</u>	<u>(5,016,533)</u>	<u>-</u>	<u>-</u>	<u>(94,847,643)</u>
Total capital assets being depreciated, net	<u>134,568,677</u>	<u>(5,016,533)</u>	<u>-</u>	<u>4,300,468</u>	<u>133,852,612</u>
Business-type activities capital assets, net	<u>\$ 150,471,732</u>	<u>\$ 977,768</u>	<u>\$ -</u>	<u>\$ (4,260)</u>	<u>\$ 151,445,240</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	\$ 600,090
Public safety	876,345
Public works	3,022,989
Recreation and culture	1,606,202
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,708,457</u>

Total depreciation/amortization expense - governmental activities	<u>\$ 7,814,083</u>
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Depreciation of business-type activities by function

Water and sewer	\$ 3,526,554
Parking	1,239,052
Recreation	87,765
Ice arena	104,419
Farmers market	<u>58,743</u>

Total depreciation expense - business-type activities	<u>\$ 5,016,533</u>
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Construction Commitments

The City has active construction projects as of June 30, 2024. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Roads	\$ 31,910,425	\$ 6,132,379
Sidewalks	3,409,839	1,113,561
Water and sewer projects	<u>11,370,764</u>	<u>5,393,990</u>
Total	<u>\$ 46,691,028</u>	<u>\$ 12,639,930</u>

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - TIFA				
Capital assets, not being depreciated -				
Land	\$ 842,975	\$ -	\$ -	\$ 842,975
Capital assets, being depreciated:				
Improvements other				
than buildings	1,525,821	-	-	1,525,821
Infrastructure	381,083	-	-	381,083
	<u>1,906,904</u>	<u>-</u>	<u>-</u>	<u>1,906,904</u>
Less accumulated depreciation for:				
Improvements other				
than buildings	(1,166,812)	(56,966)	-	(1,223,778)
Infrastructure	(381,083)	-	-	(381,083)
	<u>(1,547,895)</u>	<u>(56,966)</u>	<u>-</u>	<u>(1,604,861)</u>
Total capital assets				
being depreciated, net	<u>359,009</u>	<u>(56,966)</u>	<u>-</u>	<u>302,043</u>
Component unit - TIFA				
capital assets, net	<u>\$ 1,201,984</u>	<u>\$ (56,966)</u>	<u>\$ -</u>	<u>\$ 1,145,018</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
Governmental Activities					
Bonds payable	\$ 118,051,007	\$ -	\$ (7,043,326)	\$ 111,007,681	\$ 5,530,914
Unamortized premium	2,359,100	-	(145,563)	2,213,537	117,663
Lease liability (Note 9)	60,720	-	(28,947)	31,773	12,638
Subscription liabilities (Note 10)	1,079,965	93,252	(411,986)	761,231	174,433
Compensated absences	3,898,561	2,913,303	(2,286,434)	4,525,430	2,263,000
General liability claims	652,890	610,115	(334,255)	928,750	464,375
Workers compensation	203,168	98,132	(101,100)	200,200	101,100
Total governmental activities	<u>\$ 126,305,411</u>	<u>\$ 3,714,802</u>	<u>\$ (10,351,611)</u>	<u>\$ 119,668,602</u>	<u>\$ 8,664,123</u>
Business-type Activities					
Bonds payable	\$ 40,063,999	\$ -	\$ (3,781,673)	\$ 36,282,326	\$ 3,899,087
Unamortized premium	383,056	-	(77,677)	305,379	69,160
Notes from direct borrowings and direct placements	2,703,720	-	(1,860,740)	842,980	182,340
Compensated absences	226,739	130,740	(148,848)	208,631	104,001
Total business-type activities	<u>\$ 43,377,514</u>	<u>\$ 130,740</u>	<u>\$ (5,868,938)</u>	<u>\$ 37,639,316</u>	<u>\$ 4,254,588</u>
Component Units					
Compensated absences	<u>\$ 9,601</u>	<u>\$ 10,120</u>	<u>\$ (3,879)</u>	<u>\$ 15,842</u>	<u>\$ 8,000</u>

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, \$119,703 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 \$2,579,526 and \$1,187,424, respectively.

Governmental activities - bonds payable

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	\$ 222,774
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	71,139,756
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	12,135,151
2018 Capital Improvement Bonds; \$32,465,000 at issuance; payable in annual installments of \$740,000 to \$2,105,000; interest payable semi-annually at 3.625% to 5.000% through June 2043	<u>27,510,000</u>
Total governmental activities bonds payable	<u><u>\$ 111,007,681</u></u>

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	\$ 564,981
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	2,523,975
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	1,143,279
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	830,000
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	8,170,000
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	8,025,243
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	3,219,848
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	<u>11,805,000</u>
	<u>36,282,326</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Business-type activities - contractual obligations

* 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	\$ 51,858
* 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	117,639
* 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>673,483</u>
	<u>842,980</u>
Total business-type activities bonds payable and contractual obligations	<u><u>\$ 37,125,306</u></u>
* Debt related to financing George W. Kuhn Drainage District capital improvements project.	

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities		Business-type Activities			
	Bonds Payable		Bonds Payable		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 5,530,914	\$ 4,436,595	\$ 3,899,087	\$ 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	6,439,779	3,575,028	3,680,222	713,416	141,168	3,529
2030-2034	36,299,907	13,767,044	13,800,099	1,928,382	-	-
2035-2039	37,023,267	5,590,607	3,916,733	324,853	-	-
2040-2043	7,825,000	1,002,250	-	-	-	-
	<u>\$ 111,007,681</u>	<u>\$ 40,457,450</u>	<u>\$ 36,282,326</u>	<u>\$ 7,046,231</u>	<u>\$ 842,980</u>	<u>\$ 57,415</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, 2024, the City's obligation is \$842,980 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 \$448,773,844 (10 percent of \$4,487,738,440 assessed valuation). The city's total debt subject to the 10 percent legal limit amounts to \$130,626,921 or 2.91 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
Asset Type	
Easement property	1 year
Equipment	3 years

The net present value of future minimum payments as of June 30, 2024, were as follows:

Year Ended June 30,	Principal	Interest
2025	\$ 12,638	\$ 862
2026	9,426	574
2027	9,709	291
Total	\$ 31,773	\$ 1,727

Lessor - The City is involved in eight agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2024 was \$256,077.

	Remaining Term of Agreements
Asset Type	
Land and buildings	6-27 years

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in eight 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.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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
Asset Type	
Subscription assets	3-8 years

The net present value of future minimum payments as of June 30, 2024, were as follows:

Year Ended June 30,	Principal	Interest
2025	\$ 174,433	\$ 22,838
2026	106,553	17,604
2027	112,071	14,407
2028	87,935	11,045
2029	76,095	8,407
2030-2032	204,144	12,577
Total	\$ 761,231	\$ 86,878

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 2023 and 2024 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2023	\$ 1,532,980	\$ 144,944	\$ (1,025,034)	\$ 652,890
2024	652,890	610,115	(334,255)	928,750

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 2023 and 2024 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2023	\$ 96,704	\$ 119,900	\$ (13,436)	\$ 203,168
2024	203,168	98,132	(101,100)	200,200

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

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

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Changes in the reported liability for the fiscal years 2023 and 2024 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2023	\$ 320,000	\$ 12,127,956	\$ (12,097,956)	\$ 350,000
2024	350,000	8,950,984	(9,060,984)	240,000

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.

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, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.04%. 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

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.

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%

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

Membership. At June 30, 2023 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits	546
Terminated employees entitled to benefits but not yet receiving them	19
Current full-time employees	<u>185</u>
Total members	<u><u>750</u></u>

Reserves. In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2024 is as follows:

Reserve / Group	Balance
Police and fire members benefit fund	\$ 127,458,955
General members benefit fund	103,628,580
Undistributed investment income fund	(69,204,404)

Net Pension Liability. The City's net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 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>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period 2017 through 2022.

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, 2024, 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%
	100.00%		5.84%
Inflation			2.50%
Risk adjustments			-1.09%
Investment rate of return			7.25%

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	<u>\$ 259,764,525</u>	<u>\$ 154,693,172</u>	<u>\$ 105,071,353</u>
Changes for the year:			
Service cost	3,148,903	-	3,148,903
Interest	18,179,034	-	18,179,034
Changes in benefit terms	51,149	-	51,149
Differences between expected and actual experience	3,545,915	-	3,545,915
Changes in assumptions	9,305,017	-	9,305,017
Employer contributions	-	9,139,170	(9,139,170)
Employee contributions	-	997,090	(997,090)
Employee service purchases	-	37,746	(37,746)
Net investment income	-	18,267,002	(18,267,002)
Benefit payments, including refunds of employee contributions	(21,187,385)	(21,187,385)	-
Administrative expense	-	(63,664)	63,664
Net changes	<u>13,042,633</u>	<u>7,189,959</u>	<u>5,852,674</u>
Balances at June 30, 2024	<u>\$ 272,807,158</u>	<u>\$ 161,883,131</u>	<u>\$ 110,924,027</u>

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

Governmental activities	\$ 109,689,599
Business-type activities	1,121,775
Component units	<u>112,653</u>
Total net pension liability	<u>\$ 110,924,027</u>

The plan fiduciary net position as a percentage of the total pension liability is 59.34%.

Changes in Assumptions. The 2024 assumption changes resulted from increased rates of retirement for Police and Fire and Police Service Aides, decreased rates of retirement for General employees, updating the mortality assumption to the Pub-2010 tables, increasing the base wage inflation assumption from 3.00% to 3.25%, increasing the load to Final Average Compensation for unused sick and vacation time from 10% to 13% for Police and Fire, and increasing the load for annuity withdrawal from 5% to 7% for all employees.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 140,951,563	\$ 110,924,027	\$ 85,706,451

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

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the year ended June 30, 2024, the City recognized pension expense of \$15,639,427. At June 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 3,189,941	\$ -	\$ 3,189,941
Changes in assumptions	6,049,352	-	6,049,352
Net difference between projected and actual earnings on pension plan investments	-	329,354	(329,354)
Total	\$ 9,239,293	\$ 329,354	\$ 8,909,939

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

	Deferred Outflows of Resources	Deferred Outflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 9,140,138	\$ 329,354	\$ 8,810,784
Business-type activities	90,107	-	90,107
Component units	9,048	-	9,048
Total	\$ 9,239,293	\$ 329,354	\$ 8,909,939

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amount
2025	\$ 3,818,932
2026	8,710,018
2027	(2,128,355)
2028	<u>(1,490,656)</u>
Total	<u>\$ 8,909,939</u>

Payable to the Pension Plan. At June 30, 2024, the City had no amount payable to the pension plan.

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	<u>97</u>
Total membership	<u>537</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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, 2024. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2024, 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, 2024, the City contributed \$1,521,253.

Rate of Return. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 12.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset

The City's net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2024.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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 2017 through 2022.

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, 2024 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%	4.91%	1.47%
Domestic small/mid	15.00%	5.29%	0.79%
International developed	15.00%	5.32%	0.80%
International emerging	5.00%	6.13%	0.31%
Domestic fixed income	15.00%	2.30%	0.35%
Real estate	10.00%	3.79%	0.38%
Private equity	10.00%	7.67%	0.77%
	<u>100.00%</u>		4.87%
Inflation			2.46%
Risk adjustments			<u>-0.08%</u>
Investment rate of return			<u><u>7.25%</u></u>

Discount Rate. The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balances at June 30, 2023	<u>\$ 155,013,081</u>	<u>\$ 144,239,399</u>	<u>\$ 10,773,682</u>
Changes for the year:			
Service cost	637,991	-	637,991
Interest on total OPEB liability	11,063,012	-	11,063,012
Changes in benefit terms	(48,953,155)	-	(48,953,155)
Differences between expected and actual experience	(4,441,895)	-	(4,441,895)
Changes in assumptions	6,382,601	-	6,382,601
Employer contributions	-	1,521,253	(1,521,253)
Net investment income	-	17,786,850	(17,786,850)
Benefit payments	(5,477,609)	(5,477,609)	-
Administrative expense	-	(16,674)	16,674
Net changes	<u>(40,789,055)</u>	<u>13,813,820</u>	<u>(54,602,875)</u>
Balances at June 30, 2024	<u>\$ 114,224,026</u>	<u>\$ 158,053,219</u>	<u>\$ (43,829,193)</u>

The plan fiduciary net position as a percentage of the total OPEB liability is 138.37%.

Changes in Assumptions. The 2024 assumption changes resulted from increased rates of retirement for Police and Fire and Police Service Aides and decreased rates of retirement for General employees as well as updating the mortality assumption to the Pub-2010 tables.

Changes in Benefit Terms. Effective July 1, 2023, Medicare retirees were moved from a self-insured Blue Cross PPO Commercial Plan to a fully-insured Medicare Plus Blue PPO (Medicare Advantage) Plan.

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

Governmental activities	\$ 39,884,891
Business-type activities	3,592,204
Component units	<u>352,098</u>
Total net OPEB asset	<u>\$ 43,829,193</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net OPEB asset	\$ (30,809,928)	\$ (43,829,193)	\$ (54,708,415)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB asset of the City, as well as what the City's net OPEB 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 asset	\$ (56,719,910)	\$ (43,829,193)	\$ (28,425,862)

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, 2024, the City recognized an OPEB benefit of \$46,787,650. At June 30, 2024, 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	\$ -	\$ 2,664	\$ (2,664)
Changes in assumptions	3,827	-	3,827
Net difference between projected and actual earnings on OPEB plan investments	-	2,978,751	(2,978,751)
Total	\$ 3,827	\$ 2,981,415	\$ (2,977,588)

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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	\$ 3,483	\$ 2,713,111	\$ (2,709,628)
Business-type activities	314	244,354	(244,040)
Component units	30	23,950	(23,920)
Total	\$ 3,827	\$ 2,981,415	\$ (2,977,588)

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

Year Ended June 30,	Amount
2025	\$ (2,575,370)
2026	2,862,007
2027	(1,828,098)
2028	(1,436,127)
Total	\$ (2,977,588)

Payable to the OPEB Plan. At June 30, 2024, the City had no amount payable to the OPEB plan.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

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

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Assets			
Cash and investments	\$ 317,101	\$ 117,520	\$ 434,621
Investments, at fair value:			
Mutual funds	131,952,203	59,735,599	191,687,802
Equities	-	98,266,004	98,266,004
Other assets	29,697,278	-	29,697,278
Receivables	119,478	4,234	123,712
Total assets	<u>162,086,060</u>	<u>158,123,357</u>	<u>320,209,417</u>
Liabilities			
Accounts payable	<u>202,929</u>	<u>70,138</u>	<u>273,067</u>
Net position			
Restricted for:			
Employees' pension benefits	161,883,131	-	161,883,131
Other postemployment benefits	-	158,053,219	158,053,219
Total net position	<u>\$ 161,883,131</u>	<u>\$ 158,053,219</u>	<u>\$ 319,936,350</u>

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

	Changes in Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 9,139,170	\$ 1,521,253	\$ 10,660,423
Plan members	997,090	-	997,090
Employee service purchases	37,746	-	37,746
Total contributions	10,174,006	1,521,253	11,695,259
Investment earnings:			
Net change in fair value of investments	15,495,569	15,272,121	30,767,690
Interest	-	81,569	81,569
Dividends	3,625,170	3,176,778	6,801,948
Other investment revenues	-	282,644	282,644
Total investment income	19,120,739	18,813,112	37,933,851
Less investment expense	853,737	1,026,262	1,879,999
Net investment income	18,267,002	17,786,850	36,053,852
Total additions	28,441,008	19,308,103	47,749,111
Deductions			
Benefits	19,624,456	5,477,609	25,102,065
Refund of contributions	1,562,929	-	1,562,929
Administrative expenses	63,664	16,674	80,338
Total deductions	21,251,049	5,494,283	26,745,332
Change in net position	7,189,959	13,813,820	21,003,779
Net position, beginning of year	154,693,172	144,239,399	298,932,571
Net position, end of year	<u>\$ 161,883,131</u>	<u>\$ 158,053,219</u>	<u>\$ 319,936,350</u>

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, 2024, there were 182 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, 2024, were \$535,849 by the employees and \$956,013 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, 2024, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated/amortized	\$ 93,224,769	\$ 17,592,628	\$ 842,975
Capital assets being depreciated/amortized, net	186,726,875	133,852,612	302,043
	<u>279,951,644</u>	<u>151,445,240</u>	<u>1,145,018</u>
Related debt:			
Bonds payable	111,007,681	36,282,326	-
Contractual obligations	-	842,980	-
Lease liability	31,773	-	-
Subscription liabilities	761,231	-	-
Less: pension and OPEB bonds	(83,274,907)	(11,245,091)	-
Bond premium	2,213,537	305,379	-
Deferred charge on refunding	(19,843)	(401,107)	-
Construction related payables	3,987,808	1,135,245	-
	<u>34,707,280</u>	<u>26,919,732</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 245,244,364</u></u>	<u><u>\$ 124,525,508</u></u>	<u><u>\$ 1,145,018</u></u>

18. TAX ABATEMENTS

The City received reduced property tax revenues during 2024 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 \$341,000 in reduced City tax revenues for 2024.

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 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 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.145% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$412,910 and \$97,060 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$437,961. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2024, 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.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2024 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2024 is \$609,656.

CITY OF ROYAL OAK, MICHIGAN

Notes to Financial Statements

20. ADJUSTMENTS TO BEGINNING FUND BALANCE

For the year ended June 30, 2024, the City had the following adjustments to beginning fund balance:

	Grants	Nonmajor Governmental Funds
Fund balances, beginning of year, as previously reported	\$ 1,203,111	\$ 13,385,065
Change within the financial reporting entity:		
Change from major to nonmajor fund - Grants special revenue fund	(1,203,111)	1,203,111
Change from nonmajor to major fund - City capital projects fund	-	(1,428,953)
Fund balances, beginning of year, as adjusted	<u>\$ -</u>	<u>\$ 13,159,223</u>

The City previously reported the grants special revenue fund as major. This fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2024.

In addition, the City previously reported the City capital projects fund as nonmajor. This fund meets the quantitative threshold for major fund in accordance with GAAP for the year ended June 30, 2024.

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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,			
	2024	2023	2022	2021
Change in total pension liability				
Service cost	\$ 3,148,903	\$ 3,013,022	\$ 2,974,594	\$ 2,943,285
Interest	18,179,034	17,941,574	17,674,289	17,346,377
Changes of benefit terms	51,149	-	-	-
Differences between expected and actual experience	3,545,915	2,999,881	2,647,052	3,370,274
Changes in assumptions	9,305,017	-	-	-
Benefit payments, including refunds of member contributions	(21,187,385)	(20,306,896)	(18,949,950)	(19,355,449)
Other changes	-	-	-	-
Net change in total pension liability	<u>13,042,633</u>	<u>3,647,581</u>	<u>4,345,985</u>	<u>4,304,487</u>
Total pension liability, beginning	<u>259,764,525</u>	<u>256,116,944</u>	<u>251,770,959</u>	<u>247,466,472</u>
Total pension liability, ending (a)	<u>272,807,158</u>	<u>259,764,525</u>	<u>256,116,944</u>	<u>251,770,959</u>
Change in plan fiduciary net position				
Contributions - employer	9,139,170	8,532,621	8,678,372	8,404,994
Contributions - member	997,090	996,518	894,197	893,838
Employee service purchases	37,746	43,481	708,859	-
Net investment income (loss)	18,267,002	13,794,482	(21,992,420)	42,574,039
Benefit payments, including refunds of member contributions	(21,187,385)	(20,306,896)	(18,949,950)	(19,355,449)
Administrative expense	(63,664)	(47,669)	(60,315)	(59,468)
Net change in plan fiduciary net position	<u>7,189,959</u>	<u>3,012,537</u>	<u>(30,721,257)</u>	<u>32,457,954</u>
Plan fiduciary net position, beginning	<u>154,693,172</u>	<u>151,680,635</u>	<u>182,401,892</u>	<u>149,943,938</u>
Plan fiduciary net position, ending (b)	<u>161,883,131</u>	<u>154,693,172</u>	<u>151,680,635</u>	<u>182,401,892</u>
City's net pension liability, ending (a)-(b)	<u>\$ 110,924,027</u>	<u>\$ 105,071,353</u>	<u>\$ 104,436,309</u>	<u>\$ 69,369,067</u>
Plan fiduciary net position as a percentage of the total pension liability	59.34%	59.55%	59.22%	72.45%
Covered payroll	\$ 20,567,175	\$ 20,882,373	\$ 18,715,849	\$ 18,814,459
City's net pension liability as a percentage of covered payroll	539.33%	503.16%	558.01%	368.70%

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 Aides, 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.

The 2024 assumption changes resulted from increased rates of retirement for Police and Fire and Police Service Aides, decreased rates of retirement for General employees, updating the mortality assumption to the the Pub-2010 tables, increasing the base wage inflation assumption from 3.00% to 3.25%, increasing the load to Final Average Compensation for unused sick and vacation time from 10% to 13% for Police and Fire, and increasing the load for annuity withdrawal from 5% to 7% for all employees.

Fiscal Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 3,072,854	\$ 2,679,699	\$ 2,591,005	\$ 2,517,235	\$ 2,542,348	\$ 2,555,924
17,159,438	16,458,436	16,218,308	15,789,346	15,445,529	15,214,726
-	-	238,261	-	-	96,556
1,271,724	1,891,039	1,332,879	3,951,131	2,710,293	903,595
-	21,018,018	-	-	-	-
(18,366,037)	(17,491,531)	(17,237,196)	(16,388,754)	(16,109,768)	(15,462,071)
-	-	37,994	53,367	-	-
3,137,979	24,555,661	3,181,251	5,922,325	4,588,402	3,308,730
244,328,493	219,772,832	216,591,581	210,669,256	206,080,854	202,772,124
247,466,472	244,328,493	219,772,832	216,591,581	210,669,256	206,080,854
8,575,466	6,125,484	5,878,213	28,605,368	7,034,692	7,098,292
914,884	943,151	937,300	952,984	1,157,297	981,785
105,389	102,167	170,616	111,902	-	-
4,488,484	8,537,229	11,535,933	16,766,006	(3,312,904)	4,465,722
(18,367,647)	(17,491,531)	(17,237,196)	(16,388,754)	(16,109,768)	(15,462,070)
(78,213)	(109,517)	(57,159)	(71,470)	(99,672)	(71,374)
(4,361,637)	(1,893,017)	1,227,707	29,976,036	(11,330,355)	(2,987,645)
154,305,575	156,198,592	154,970,885	124,994,849	136,325,204	139,312,849
149,943,938	154,305,575	156,198,592	154,970,885	124,994,849	136,325,204
\$ 97,522,534	\$ 90,022,918	\$ 63,574,240	\$ 61,620,696	\$ 85,674,407	\$ 69,755,650
60.59%	63.15%	71.07%	71.55%	59.33%	66.15%
\$ 18,916,060	\$ 18,517,659	\$ 18,885,808	\$ 16,079,024	\$ 15,845,062	\$ 15,391,242
515.55%	486.15%	336.62%	383.24%	540.70%	453.22%

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
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%
2024	9,139,170	9,139,170	-	20,567,175	44.4%

Notes to Schedule of Contributions

Valuation Date June 30, 2023 (for determination of employer contributions for the 2024 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: 16 years, closed
 Police and Fire: 21 years, closed

Asset valuation method 4-year smoothed fair value

Inflation 3.00%

Salary increases 3.0% - 5.2%

Investment rate of return 7.25%

Retirement age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012 - 2017.

Mortality Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

CITY OF ROYAL OAK, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
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%
2024	11.04%

⁽¹⁾ 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,			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 637,991	\$ 631,433	\$ 682,280	\$ 691,092
Interest on total OPEB liability	11,063,012	10,592,513	10,455,360	10,032,196
Changes in benefit terms	(48,953,155)	-	-	-
Difference between expected and actual experience	(4,441,895)	(6,901,502)	(1,481,728)	(1,393,664)
Changes in assumptions	6,382,601	8,774,515	-	4,288,384
Benefit payments	(5,477,609)	(7,743,548)	(7,733,894)	(7,819,881)
Other changes	-	-	-	-
Net change in total OPEB liability	(40,789,055)	5,353,411	1,922,018	5,798,127
Total OPEB liability, beginning of year	155,013,081	149,659,670	147,737,652	141,939,525
Total OPEB liability, end of year	114,224,026	155,013,081	149,659,670	147,737,652
Plan fiduciary net position				
Employer contributions	1,521,253	1,431,059	1,535,406	962,809
Net investment income (loss)	17,786,850	12,061,183	(12,031,582)	36,439,674
Benefit payments	(5,477,609)	(7,743,548)	(7,733,894)	(7,819,881)
Administrative expense	(16,674)	(31,463)	(21,973)	(37,268)
Net change in plan fiduciary net position	13,813,820	5,717,231	(18,252,043)	29,545,334
Plan fiduciary net position, beginning of year	144,239,399	138,522,168	156,774,211	127,228,877
Plan fiduciary net position, end of year	158,053,219	144,239,399	138,522,168	156,774,211
Net OPEB liability (asset)	\$ (43,829,193)	\$ 10,773,682	\$ 11,137,502	\$ (9,036,559)
Plan fiduciary net position as a percentage of total OPEB liability	138.37%	93.05%	92.56%	106.12%
Covered payroll	\$ 8,952,124	\$ 10,603,701	\$ 10,818,348	\$ 11,642,228
Net OPEB liability (asset) as a percentage of covered payroll	-489.60%	101.60%	102.95%	-77.62%

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

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 Aides, 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.

The 2024 assumption changes resulted from increased rates of retirement for Police and Fire and Police Service Aides and decreased rates of retirement for General employees as well as updating the mortality assumption to the the Pub-2010 tables.

The 2024 changes in benefit terms were a result of Medicare retirees being moved from a self-insured Blue Cross PPO Commercial Plan to a fully-insured Medicare Plus Blue PPO (Medicare Advantage) Plan.

Fiscal Year Ended June 30,			
2020	2019	2018	2017
\$ 854,604	\$ 727,780	\$ 703,060	\$ 733,901
9,863,756	9,494,786	9,329,723	9,160,807
-	-	-	-
(645,224)	(10,208,287)	(438,850)	(192,395)
-	20,859,970	-	-
(7,516,243)	(7,282,202)	(7,671,260)	(7,343,423)
-	-	294	-
2,556,893	13,592,047	1,922,967	2,358,890
139,382,632	125,790,585	123,867,618	121,508,728
141,939,525	139,382,632	125,790,585	123,867,618
1,086,472	743,637	716,492	119,383,923
940,267	6,574,025	7,408,631	3,439,452
(7,516,243)	(7,282,202)	(7,671,260)	(7,343,423)
(23,795)	(40,935)	(29,916)	(24,690)
(5,513,299)	(5,475)	423,947	115,455,262
132,742,176	132,747,651	132,323,704	16,868,442
127,228,877	132,742,176	132,747,651	132,323,704
\$ 14,710,648	\$ 6,640,456	\$ (6,957,066)	\$ (8,456,086)
89.64%	95.24%	105.53%	106.83%
\$ 12,401,383	\$ 13,668,537	\$ 14,183,345	\$ 14,971,828
118.62%	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%
2024	1,519,662	1,521,253	(1,591)	8,952,124	17.0%

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, 2022

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 2024 (Based on the June 30, 2022 Valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	16 years
Asset valuation method	Fair 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 ⁽¹⁾
2017	5.73%
2018	5.52%
2019	5.09%
2020	0.71%
2021	29.40%
2022	-7.87%
2023	8.87%
2024	12.51%

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

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



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			
	Major Streets	Solid Waste	Community Development Block Grant	Publicity
Assets				
Cash and investments	\$ 2,518,103	\$ 3,098,335	\$ -	\$ 5,325
Receivables, net	6,847	13,605	2,462,101	47
Due from other governmental units	1,029,514	12,433	512,136	-
Prepaid items	13,292	-	-	-
Inventories	221,702	-	-	-
Restricted assets, cash	-	-	-	-
Total assets	\$ 3,789,458	\$ 3,124,373	\$ 2,974,237	\$ 5,372
Liabilities				
Accounts payable	\$ 1,199,728	\$ 542,530	\$ 167,185	\$ -
Accrued and other liabilities	113,239	29,099	4,693	156
Due to other funds	-	-	340,408	-
Cash bonds and deposits	-	-	-	-
Unearned revenue	-	-	2,461,951	-
Total liabilities	1,312,967	571,629	2,974,237	156
Deferred inflows of resources				
Unavailable revenue	6,847	17,125	-	48
Fund balances				
Nonspendable:				
Prepaid items	13,292	-	-	-
Inventories	221,702	-	-	-
Endowment	-	-	-	-
Restricted	2,234,650	2,535,619	-	5,168
Total fund balances	2,469,644	2,535,619	-	5,168
Total liabilities, deferred inflows of resources and fund balances	\$ 3,789,458	\$ 3,124,373	\$ 2,974,237	\$ 5,372

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Special Revenue Funds					
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Grants	Debt Service Fund
\$ 1,127,330	\$ 1,587,377	\$ 446,664	\$ 229,003	\$ 2,212,589	\$ 16,782
46,788	3,396	-	-	8,078	-
-	-	-	-	18,455	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,174,118</u>	<u>\$ 1,590,773</u>	<u>\$ 446,664</u>	<u>\$ 229,003</u>	<u>\$ 2,239,122</u>	<u>\$ 16,782</u>
\$ 18,968	\$ 40,210	\$ 13,551	\$ 145,623	\$ 12,019	\$ -
11,990	37,687	-	-	2,645	-
-	-	-	-	-	-
-	-	-	-	2,650	-
200,247	-	-	-	503,789	-
<u>231,205</u>	<u>77,897</u>	<u>13,551</u>	<u>145,623</u>	<u>521,103</u>	<u>-</u>
408	3,396	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
942,505	1,509,480	433,113	83,380	1,718,019	16,782
<u>942,505</u>	<u>1,509,480</u>	<u>433,113</u>	<u>83,380</u>	<u>1,718,019</u>	<u>16,782</u>
<u>\$ 1,174,118</u>	<u>\$ 1,590,773</u>	<u>\$ 446,664</u>	<u>\$ 229,003</u>	<u>\$ 2,239,122</u>	<u>\$ 16,782</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Capital Projects		
	Special Assessments	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 3,088	\$ 11,860	\$ 11,256,456
Receivables, net	902,081	-	3,442,943
Due from other governmental units	-	-	1,572,538
Prepaid items	-	-	13,292
Inventories	-	-	221,702
Restricted assets, cash	-	1,069	1,069
Total assets	<u>\$ 905,169</u>	<u>\$ 12,929</u>	<u>\$ 16,508,000</u>
Liabilities			
Accounts payable	\$ 3,088	\$ -	\$ 2,142,902
Accrued and other liabilities	-	-	199,509
Due to other funds	-	-	340,408
Cash bonds and deposits	-	-	2,650
Unearned revenue	-	-	3,165,987
Total liabilities	<u>3,088</u>	<u>-</u>	<u>5,851,456</u>
Deferred inflows of resources			
Unavailable revenue	<u>871,309</u>	<u>-</u>	<u>899,133</u>
Fund balances			
Nonspendable:			
Prepaid items	-	-	13,292
Inventories	-	-	221,702
Endowment	-	1,069	1,069
Restricted	<u>30,772</u>	<u>11,860</u>	<u>9,521,348</u>
Total fund balances	<u>30,772</u>	<u>12,929</u>	<u>9,757,411</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 905,169</u>	<u>\$ 12,929</u>	<u>\$ 16,508,000</u>

concluded.

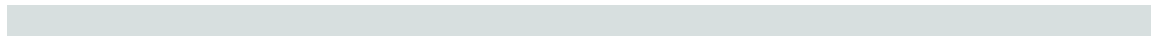


CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			
	Major Streets	Solid Waste	Community Development Block Grant	Publicity
Revenues				
Taxes	\$ -	\$ 7,947,094	\$ -	\$ 45,047
Licenses and permits	247,142	-	-	-
Federal grants	68,044	-	1,181,272	-
State grants	5,997,023	95,658	-	588
Charges for services	-	-	319,768	-
Fines and forfeitures	-	-	-	-
Interest and rentals	216,377	255,729	-	1,690
Contributions and donations	20,700	-	-	-
Other revenue	5,772	22,879	4,859	-
Total revenues	<u>6,555,058</u>	<u>8,321,360</u>	<u>1,505,899</u>	<u>47,325</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	9,257,498	8,678,315	-	-
Community and economic development	-	-	1,182,979	-
Recreation and culture	-	-	-	83,921
Debt service:				
Principal payments	102,473	145,635	-	-
Interest and paying agent fees	81,335	100,107	-	-
Total expenditures	<u>9,441,306</u>	<u>8,924,057</u>	<u>1,182,979</u>	<u>83,921</u>
Revenues over (under) expenditures	<u>(2,886,248)</u>	<u>(602,697)</u>	<u>322,920</u>	<u>(36,596)</u>
Other financing sources (uses)				
Transfers in	842,668	-	-	37,500
Transfers out	(2,961,105)	(7,500)	(322,920)	-
Total other financing sources (uses)	<u>(2,118,437)</u>	<u>(7,500)</u>	<u>(322,920)</u>	<u>37,500</u>
Net change in fund balances	<u>(5,004,685)</u>	<u>(610,197)</u>	<u>-</u>	<u>904</u>
Fund balances, beginning of year, as previously reported	7,474,329	3,145,816	-	4,264
Change within financial reporting entity	-	-	-	-
Fund balances, beginning of year, as adjusted	<u>7,474,329</u>	<u>3,145,816</u>	<u>-</u>	<u>4,264</u>
Fund balances, end of year	<u>\$ 2,469,644</u>	<u>\$ 2,535,619</u>	<u>\$ -</u>	<u>\$ 5,168</u>



Special Revenue Funds					
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Grants	Debt Service Fund
\$ 674,468	\$ 3,616,053	\$ -	\$ -	\$ -	\$ 31
-	-	-	-	98,500	-
27,365	-	-	-	84,012	-
8,117	172,975	-	891,334	47,909	-
311,691	8,802	-	-	-	-
-	2,536	-	-	-	-
20,677	101,602	17,537	-	414,756	670
514,675	75,824	177,867	-	52,705	-
-	1,105	-	-	-	-
1,556,993	3,978,897	195,404	891,334	697,882	701
-	-	-	830,824	-	-
-	-	-	-	330,674	-
-	-	-	-	-	-
-	-	-	-	-	-
1,150,180	2,792,428	89,575	-	-	-
31,393	198,824	-	-	-	1,332,570
24,917	157,808	-	-	-	1,336,460
1,206,490	3,149,060	89,575	830,824	330,674	2,669,030
350,503	829,837	105,829	60,510	367,208	(2,668,329)
292,590	22,000	23,000	22,870	147,700	2,669,019
(7,500)	-	-	-	-	-
285,090	22,000	23,000	22,870	147,700	2,669,019
635,593	851,837	128,829	83,380	514,908	690
306,912	657,643	304,284	-	-	16,092
-	-	-	-	1,203,111	-
306,912	657,643	304,284	-	1,203,111	16,092
\$ 942,505	\$ 1,509,480	\$ 433,113	\$ 83,380	\$ 1,718,019	\$ 16,782

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, 2024

	Capital Projects		
	City Capital Projects (Formerly Nonmajor Fund)	Special Assessments	Permanent Fund
			Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ -	\$ 12,282,693
Licenses and permits	-	-	345,642
Federal grants	-	-	1,360,693
State grants	-	-	7,213,604
Charges for services	-	-	640,261
Fines and forfeitures	-	-	2,536
Interest and rentals	56,638	507	1,086,183
Contributions and donations	921,653	-	1,763,424
Other revenue	-	-	34,615
Total revenues	<u>978,291</u>	<u>507</u>	<u>24,729,651</u>
Expenditures			
Current:			
General government	-	-	830,824
Public safety	-	-	330,674
Public works	397	-	17,936,210
Community and economic development	-	-	1,182,979
Recreation and culture	-	5	4,116,109
Debt service:			
Principal payments	-	-	1,810,895
Interest and paying agent fees	-	-	1,700,627
Total expenditures	<u>397</u>	<u>5</u>	<u>27,908,318</u>
Revenues over (under) expenditures	<u>977,894</u>	<u>502</u>	<u>(3,178,667)</u>
Other financing sources (uses)			
Transfers in	-	-	4,057,347
Transfers out	(981,467)	-	(4,280,492)
Total other financing sources (uses)	<u>(981,467)</u>	<u>-</u>	<u>(223,145)</u>
Net change in fund balances	<u>(3,573)</u>	<u>502</u>	<u>(3,401,812)</u>
Fund balances, beginning of year, as previously reported	\$ 1,428,953	34,345	12,427
Change within financial reporting entity	(1,428,953)	-	-
Fund balances, beginning of year, as adjusted	<u>-</u>	<u>34,345</u>	<u>12,427</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 30,772</u>	<u>\$ 12,929</u>

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 257,000	\$ 257,000	\$ 247,142	\$ (9,858)
Federal grants	-	-	68,044	68,044
State grants	5,825,000	5,920,000	5,997,023	77,023
Interest and rentals	120,280	181,580	216,377	34,797
Contributions and donations	20,910	20,910	20,700	(210)
Other revenue	10,000	10,000	5,772	(4,228)
Total revenues	<u>6,233,190</u>	<u>6,389,490</u>	<u>6,555,058</u>	<u>165,568</u>
Expenditures				
Current -				
Public works	8,335,781	9,791,602	9,257,498	(534,104)
Debt service:				
Principal payments	102,500	102,500	102,473	(27)
Interest and paying agent fees	82,000	82,000	81,335	(665)
Total expenditures	<u>8,520,281</u>	<u>9,976,102</u>	<u>9,441,306</u>	<u>(534,796)</u>
Revenues under expenditures	<u>(2,287,091)</u>	<u>(3,586,612)</u>	<u>(2,886,248)</u>	<u>700,364</u>
Other financing sources (uses)				
Transfers in	40,000	838,521	842,668	4,147
Transfers in	-	(2,961,105)	(2,961,105)	-
Total other financing sources (uses)	<u>40,000</u>	<u>(2,122,584)</u>	<u>(2,118,437)</u>	<u>4,147</u>
Net change in fund balance	<u>(2,247,091)</u>	<u>(5,709,196)</u>	<u>(5,004,685)</u>	<u>704,511</u>
Fund balance, beginning of year	<u>7,474,329</u>	<u>7,474,329</u>	<u>7,474,329</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,227,238</u>	<u>\$ 1,765,133</u>	<u>\$ 2,469,644</u>	<u>\$ 704,511</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,899,200	\$ 7,979,200	\$ 7,947,094	\$ (32,106)
State grants	210,900	77,900	95,658	17,758
Interest and rentals	155,020	275,020	255,729	(19,291)
Other revenue	50,000	23,000	22,879	(121)
Total revenues	<u>8,315,120</u>	<u>8,355,120</u>	<u>8,321,360</u>	<u>(33,760)</u>
Expenditures				
Current -				
Public works	8,504,021	8,691,521	8,678,315	(13,206)
Debt service:				
Principal payments	127,000	127,000	145,635	18,635
Interest and paying agent fees	101,000	101,000	100,107	(893)
Total expenditures	<u>8,732,021</u>	<u>8,919,521</u>	<u>8,924,057</u>	<u>4,536</u>
Revenues under expenditures	(416,901)	(564,401)	(602,697)	(38,296)
Other financing uses				
Transfers out	(5,000)	(7,500)	(7,500)	-
Net change in fund balance	(421,901)	(571,901)	(610,197)	(38,296)
Fund balance, beginning of year	<u>3,145,816</u>	<u>3,145,816</u>	<u>3,145,816</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,723,915</u>	<u>\$ 2,573,915</u>	<u>\$ 2,535,619</u>	<u>\$ (38,296)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 1,200,000	\$ 1,180,080	\$ 1,181,272	\$ 1,192
Charges for services	265,000	265,000	319,768	54,768
Other revenue	345,760	1,211,565	4,859	(1,206,706)
Total revenues	1,810,760	2,656,645	1,505,899	(1,150,746)
Expenditures				
Current -				
Community and economic development	1,810,745	2,156,645	1,182,979	(973,666)
Revenues over expenditures	15	500,000	322,920	(177,080)
Other financing uses				
Transfers out	-	(500,000)	(322,920)	(177,080)
Net change in fund balance	15	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 15	\$ -	\$ -	\$ -

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 50,000	\$ 50,000	\$ 45,047	\$ (4,953)
State grants	1,400	1,400	588	(812)
Interest and rentals	770	770	1,690	920
Total revenues	52,170	52,170	47,325	(4,845)
Expenditures				
Current -				
Recreation and culture	72,670	85,170	83,921	(1,249)
Revenues under expenditures	(20,500)	(33,000)	(36,596)	(3,596)
Other financing sources				
Transfers in	25,000	37,500	37,500	-
Net change in fund balance	4,500	4,500	904	(3,596)
Fund balance, beginning of year	4,264	4,264	4,264	-
Fund balance, end of year	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 5,168</u>	<u>\$ (3,596)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 670,200	\$ 670,200	\$ 674,468	\$ 4,268
Federal grants	-	227,610	27,365	(200,245)
State grants	-	-	8,117	8,117
Charges for services	247,400	282,400	311,691	29,291
Interest and rentals	1,610	1,610	20,677	19,067
Contributions and donations	206,320	286,320	514,675	228,355
Total revenues	<u>1,125,530</u>	<u>1,468,140</u>	<u>1,556,993</u>	<u>88,853</u>
Expenditures				
Current -				
Recreation and culture	1,147,383	1,615,085	1,150,180	(464,905)
Debt service:				
Principal payments	31,500	31,500	31,393	(107)
Interest and paying agent fees	25,100	25,100	24,917	(183)
Total expenditures	<u>1,203,983</u>	<u>1,671,685</u>	<u>1,206,490</u>	<u>(465,195)</u>
Revenues over (under) expenditures	<u>(78,453)</u>	<u>(203,545)</u>	<u>350,503</u>	<u>554,048</u>
Other financing sources (uses)				
Transfers in	-	292,590	292,590	-
Transfers out	(5,000)	(7,500)	(7,500)	-
Total other financing sources (uses)	<u>(5,000)</u>	<u>285,090</u>	<u>285,090</u>	<u>-</u>
Net change in fund balance	<u>(83,453)</u>	<u>81,545</u>	<u>635,593</u>	<u>554,048</u>
Fund balance, beginning of year	<u>306,912</u>	<u>306,912</u>	<u>306,912</u>	<u>-</u>
Fund balance, end of year	<u>\$ 223,459</u>	<u>\$ 388,457</u>	<u>\$ 942,505</u>	<u>\$ 554,048</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 3,637,700	\$ 3,637,700	\$ 3,616,053	\$ (21,647)
State grants	206,970	207,890	172,975	(34,915)
Charges for services	5,200	5,200	8,802	3,602
Fines and forfeitures	2,000	2,000	2,536	536
Interest and rentals	44,650	44,650	101,602	56,952
Contributions and donations	27,000	27,000	75,824	48,824
Other revenue	1,000	1,000	1,105	105
Total revenues	<u>3,924,520</u>	<u>3,925,440</u>	<u>3,978,897</u>	<u>53,457</u>
Expenditures				
Current -				
Recreation and culture	2,948,133	2,997,618	2,792,428	(205,190)
Debt service:				
Principal payments	200,000	200,000	198,824	(1,176)
Interest and paying agent fees	158,000	158,015	157,808	(207)
Total expenditures	<u>3,306,133</u>	<u>3,355,633</u>	<u>3,149,060</u>	<u>(206,573)</u>
Revenues over expenditures	618,387	569,807	829,837	260,030
Other financing sources				
Transfers in	-	22,000	22,000	-
Net change in fund balance	618,387	591,807	851,837	260,030
Fund balance, beginning of year	657,643	657,643	657,643	-
Fund balance, end of year	<u>\$ 1,276,030</u>	<u>\$ 1,249,450</u>	<u>\$ 1,509,480</u>	<u>\$ 260,030</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rentals	\$ -	\$ -	\$ 17,537	\$ 17,537
Contributions and donations	-	125,000	177,867	52,867
Total revenues	-	125,000	195,404	70,404
Expenditures				
Current -				
Recreation and culture	62,000	175,070	89,575	(85,495)
Revenues over (under) expenditures	(62,000)	(50,070)	105,829	155,899
Other financing sources				
Transfers in	23,000	23,000	23,000	-
Net change in fund balance	(39,000)	(27,070)	128,829	155,899
Fund balance, beginning of year	304,284	304,284	304,284	-
Fund balance, end of year	<u>\$ 265,284</u>	<u>\$ 277,214</u>	<u>\$ 433,113</u>	<u>\$ 155,899</u>

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State grants	\$ 677,160	\$ 1,099,900	\$ 891,334	\$ (208,566)
Expenditures				
Current -				
General government	703,320	1,122,770	830,824	(291,946)
Revenues over (under) expenditures	(26,160)	(22,870)	60,510	83,380
Other financing sources				
Transfers in	26,160	22,870	22,870	-
Net change in fund balance	-	-	83,380	83,380
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,380</u>	<u>\$ 83,380</u>

CITY OF ROYAL OAK, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 65,000	\$ 100,000	\$ 98,500	\$ (1,500)
Federal grants	50,000	168,200	84,012	(84,188)
State grants	-	65,000	47,909	(17,091)
Interest and rentals	513,880	532,480	414,756	(117,724)
Contributions and donations	54,000	54,000	52,705	(1,295)
Total revenues	<u>682,880</u>	<u>919,680</u>	<u>697,882</u>	<u>(221,798)</u>
Expenditures				
Current:				
General government	194,700	126,200	-	(126,200)
Public safety	447,533	337,233	330,674	(6,559)
Total expenditures	<u>642,233</u>	<u>463,433</u>	<u>330,674</u>	<u>(132,759)</u>
Revenues over expenditures	<u>40,647</u>	<u>456,247</u>	<u>367,208</u>	<u>(89,039)</u>
Other financing sources (uses)				
Transfers in	297,700	147,700	147,700	-
Transfers out	(870,000)	-	-	-
Total other financing sources (uses)	<u>(572,300)</u>	<u>147,700</u>	<u>147,700</u>	<u>-</u>
Net change in fund balance	<u>(531,653)</u>	<u>603,947</u>	<u>514,908</u>	<u>(89,039)</u>
Fund balance, beginning of year	<u>1,203,111</u>	<u>1,203,111</u>	<u>1,203,111</u>	<u>-</u>
Fund balance, end of year	<u>\$ 671,458</u>	<u>\$ 1,807,058</u>	<u>\$ 1,718,019</u>	<u>\$ (89,039)</u>

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2024

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 74,711	\$ 127,201	\$ 83,625	\$ 579,163	\$ 864,700
Receivables, net	-	-	6,220	14,821	21,041
Prepaid items	25,000	-	-	-	25,000
Total current assets	99,711	127,201	89,845	593,984	910,741
Noncurrent assets:					
Lease receivable	-	126,610	-	-	126,610
Net other postemployment benefit asset	-	273,474	-	-	273,474
Capital assets not being depreciated	-	-	-	195,312	195,312
Capital assets being depreciated, net	-	2,537,882	1,217,685	781,077	4,536,644
Total noncurrent assets	-	2,937,966	1,217,685	976,389	5,132,040
Total assets	99,711	3,065,167	1,307,530	1,570,373	6,042,781
Deferred outflows of resources					
Deferred pension amounts	-	7,257	-	-	7,257
Deferred other postemployment benefit amounts	-	24	-	-	24
Total deferred outflows of resources	-	7,281	-	-	7,281
Liabilities					
Current liabilities:					
Accounts payable	-	7,187	61,118	35,388	103,693
Accrued and other liabilities	-	16,354	2,620	428	19,402
Unearned revenue	-	-	-	11,113	11,113
Bonds and notes payable, due within one year	-	53,984	10,797	-	64,781
Compensated absences, current	-	6,245	-	481	6,726
Total current liabilities	-	83,770	74,535	47,410	205,715
Noncurrent liabilities:					
Bonds and notes payable	-	932,110	186,422	-	1,118,532
Compensated absences	-	6,282	-	484	6,766
Net pension liability	-	90,340	-	-	90,340
Total noncurrent liabilities	-	1,028,732	186,422	484	1,215,638
Total liabilities	-	1,112,502	260,957	47,894	1,421,353
Deferred inflows of resources					
Deferred other postemployment benefit amounts	-	18,603	-	-	18,603
Deferred lease amounts	-	126,610	-	-	126,610
Total deferred inflows of resources	-	145,213	-	-	145,213
Net position					
Investment in capital assets	-	2,537,882	1,217,685	976,389	4,731,956
Restricted for other postemployment benefits	-	273,474	-	-	273,474
Unrestricted (deficit)	99,711	(996,623)	(171,112)	546,090	(521,934)
Total net position	\$ 99,711	\$ 1,814,733	\$ 1,046,573	\$ 1,522,479	\$ 4,483,496

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, 2024

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for services	\$ 355,777	\$ 641,701	\$ 1,467,699	\$ 601,529	\$ 3,066,706
Other	-	-	11,566	9,160	20,726
Total operating revenues	<u>355,777</u>	<u>641,701</u>	<u>1,479,265</u>	<u>610,689</u>	<u>3,087,432</u>
Operating expenses					
Salaries and benefits	53,121	20,093	9,194	7,873	90,281
Supplies	-	29,708	78,463	24,200	132,371
Other services and charges	179,543	308,055	1,461,510	489,602	2,438,710
Depreciation	-	87,765	104,419	58,743	250,927
Total operating expenses	<u>232,664</u>	<u>445,621</u>	<u>1,653,586</u>	<u>580,418</u>	<u>2,912,289</u>
Operating income (loss)	<u>123,113</u>	<u>196,080</u>	<u>(174,321)</u>	<u>30,271</u>	<u>175,143</u>
Nonoperating revenues (expenses)					
Interest income	11,173	4,151	5,532	19,521	40,377
Interest expense	-	(41,122)	(8,225)	-	(49,347)
Total nonoperating revenues (expenses)	<u>11,173</u>	<u>(36,971)</u>	<u>(2,693)</u>	<u>19,521</u>	<u>(8,970)</u>
Income (loss) before transfers	134,286	159,109	(177,014)	49,792	166,173
Transfers					
Transfers out	(130,000)	-	(7,500)	-	(137,500)
Change in net position	4,286	159,109	(184,514)	49,792	28,673
Net position, beginning of year	95,425	1,655,624	1,231,087	1,472,687	4,454,823
Net position, end of year	<u>\$ 99,711</u>	<u>\$ 1,814,733</u>	<u>\$ 1,046,573</u>	<u>\$ 1,522,479</u>	<u>\$ 4,483,496</u>

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers	\$ 355,777	\$ 828,915	\$ 1,478,979	\$ 603,191	\$ 3,266,862
Other operating receipts	-	-	11,566	9,160	20,726
Payments to vendors	(204,543)	(366,970)	(1,532,299)	(522,130)	(2,625,942)
Payments to employees	(53,121)	(297,923)	(10,696)	(7,662)	(369,402)
Net cash provided by (used in) operating activities	<u>98,113</u>	<u>164,022</u>	<u>(52,450)</u>	<u>82,559</u>	<u>292,244</u>
Cash flows from noncapital financing activities					
Transfers to other funds	(130,000)	-	(7,500)	-	(137,500)
Principal paid on bonds payable	-	(52,322)	(10,464)	-	(62,786)
Interest paid on bonds payable	-	(41,122)	(8,225)	-	(49,347)
Net cash used in noncapital financing activities	<u>(130,000)</u>	<u>(93,444)</u>	<u>(26,189)</u>	<u>-</u>	<u>(249,633)</u>
Cash flows from capital and related financing activities					
Transfer of capital assets	-	-	-	4,260	4,260
Cash flows from investing activities					
Interest received on investments	<u>11,173</u>	<u>4,151</u>	<u>5,532</u>	<u>19,521</u>	<u>40,377</u>
Net change in cash and investments	<u>(20,714)</u>	<u>74,729</u>	<u>(73,107)</u>	<u>106,340</u>	<u>87,248</u>
Cash and investments balances, beginning of year	<u>95,425</u>	<u>52,472</u>	<u>156,732</u>	<u>472,823</u>	<u>777,452</u>
Cash and investments balances, end of year	<u>\$ 74,711</u>	<u>\$ 127,201</u>	<u>\$ 83,625</u>	<u>\$ 579,163</u>	<u>\$ 864,700</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 123,113	\$ 196,080	\$ (174,321)	\$ 30,271	\$ 175,143
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	-	187,214	11,280	(2,071)	196,423
Prepaid items	(25,000)	-	-	-	(25,000)
Lease receivable	-	20,861	-	-	20,861
Net other postemployment benefit asset	-	(328,104)	-	-	(328,104)
Deferred outflows related to the net pension liability	-	(1,312)	-	-	(1,312)
Deferred outflows related to the net other postemployment benefit asset	-	16,813	-	-	16,813
Accounts payable	-	(29,207)	7,674	(8,328)	(29,861)
Accrued and other liabilities	-	(2,360)	(272)	(85)	(2,717)
Unearned revenue	-	-	-	3,733	3,733
Compensated absences	-	(6,430)	(1,230)	296	(7,364)
Net pension liability	-	24,981	-	-	24,981
Deferred inflows related to the net other postemployment benefit asset	-	18,582	-	-	18,582
Deferred inflows related to leases	-	(20,861)	-	-	(20,861)
Net cash provided by (used in) operating activities	<u>\$ 98,113</u>	<u>\$ 164,022</u>	<u>\$ (52,450)</u>	<u>\$ 82,559</u>	<u>\$ 292,244</u>

concluded.

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2024

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Assets						
Current assets:						
Cash and investments	\$ 5,057,581	\$ 13,445,265	\$ 2,042,283	\$ 2,929,071	\$ 3,525,936	\$ 27,000,136
Receivables, net	-	5,807	-	-	-	5,807
Prepaid items	-	-	99,997	2,186,342	-	2,286,339
Inventories	-	151,181	-	-	-	151,181
Total current assets	5,057,581	13,602,253	2,142,280	5,115,413	3,525,936	29,443,463
Noncurrent assets:						
Net other postemployment benefit asset	-	989,923	-	-	-	989,923
Capital assets not being depreciated	138,469	43,475	-	-	-	181,944
Capital assets being depreciated/amortized, net	807,940	8,244,233	-	-	-	9,052,173
Total noncurrent assets	946,409	9,277,631	-	-	-	10,224,040
Total assets	6,003,990	22,879,884	2,142,280	5,115,413	3,525,936	39,667,503
Deferred outflows of resources						
Deferred charge on refunding	-	19,843	-	-	-	19,843
Deferred pension amounts	-	27,227	-	-	-	27,227
Deferred other postemployment benefit amounts	-	86	-	-	-	86
Total deferred outflows of resources	-	47,156	-	-	-	47,156
Liabilities						
Current liabilities:						
Accounts payable	29,344	181,872	35,614	11,247	124,352	382,429
Accrued and other liabilities	19,506	85,882	-	240,000	-	345,388
Bonds payable, due within one year	43,187	334,599	-	-	-	377,786
Other long-term liabilities, current	145,991	3,446	100,100	-	464,375	713,912
Compensated absences, current	20,367	38,471	-	-	-	58,838
Total current liabilities	258,395	644,270	135,714	251,247	588,727	1,878,353
Noncurrent liabilities:						
Bonds payable	745,688	5,220,964	-	-	-	5,966,652
Other long-term liabilities	526,750	7,788	100,100	-	464,375	1,099,013
Compensated absences	21,362	39,503	-	-	-	60,865
Net pension liability	-	338,955	-	-	-	338,955
Total noncurrent liabilities	1,293,800	5,607,210	100,100	-	464,375	7,465,485
Total liabilities	1,552,195	6,251,480	235,814	251,247	1,053,102	9,343,838
Deferred inflows of resources						
Deferred other postemployment benefit amounts	-	67,338	-	-	-	67,338
Net position						
Net investment in capital assets	273,668	8,057,774	-	-	-	8,331,442
Restricted for other postemployment benefits	-	989,923	-	-	-	989,923
Unrestricted	4,178,127	7,560,525	1,906,466	4,864,166	2,472,834	20,982,118
Total net position	\$ 4,451,795	\$ 16,608,222	\$ 1,906,466	\$ 4,864,166	\$ 2,472,834	\$ 30,303,483

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, 2024

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Operating revenues						
Charges for services	\$ 2,142,905	\$ 4,849,315	\$ 372,717	\$ 8,809,575	\$ 1,282,068	\$ 17,456,580
Other revenue	197,571	645,499	82,370	98,557	967,565	1,991,562
Total operating revenues	<u>2,340,476</u>	<u>5,494,814</u>	<u>455,087</u>	<u>8,908,132</u>	<u>2,249,633</u>	<u>19,448,142</u>
Operating expenses						
Salaries and benefits	335,927	105,616	225,147	8,950,984	-	9,617,674
Supplies	126,591	984,714	-	-	-	1,111,305
Other services and charges	910,262	634,646	157,681	1,559	1,734,274	3,438,422
Depreciation/amortization	208,126	1,500,331	-	-	-	1,708,457
Total operating expenses	<u>1,580,906</u>	<u>3,225,307</u>	<u>382,828</u>	<u>8,952,543</u>	<u>1,734,274</u>	<u>15,875,858</u>
Operating income (loss)	<u>759,570</u>	<u>2,269,507</u>	<u>72,259</u>	<u>(44,411)</u>	<u>515,359</u>	<u>3,572,284</u>
Nonoperating revenues (expenses)						
Interest expense	(32,899)	(231,444)	-	-	-	(264,343)
Gain on sale of capital assets	-	10,102	-	-	-	10,102
Total nonoperating revenue (expenses)	<u>(32,899)</u>	<u>(221,342)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(254,241)</u>
Income (loss) before transfers	726,671	2,048,165	72,259	(44,411)	515,359	3,318,043
Transfers in	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
Change in net position	<u>748,671</u>	<u>2,048,165</u>	<u>72,259</u>	<u>(44,411)</u>	<u>515,359</u>	<u>3,340,043</u>
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 4,451,795</u>	<u>\$ 16,608,222</u>	<u>\$ 1,906,466</u>	<u>\$ 4,864,166</u>	<u>\$ 2,472,834</u>	<u>\$ 30,303,483</u>

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2024

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	\$ 2,142,905	\$ 4,849,315	\$ 372,717	\$ 8,809,575	\$ 1,282,068	\$ 17,456,580
Other operating receipts	197,571	645,499	82,370	98,557	967,565	1,991,562
Payments to vendors	(1,095,736)	(1,807,622)	(241,506)	(832,271)	(192,729)	(4,169,864)
Payments to employees	(455,129)	(1,058,681)	(228,115)	(9,060,984)	-	(10,802,909)
Net cash provided by (used in) operating activities	<u>789,611</u>	<u>2,628,511</u>	<u>(14,534)</u>	<u>(985,123)</u>	<u>2,056,904</u>	<u>4,475,369</u>
Cash flows from noncapital financing activities						
Transfers in	22,000	-	-	-	-	22,000
Principal paid on bonds payable	(41,857)	(282,539)	-	-	-	(324,396)
Interest paid on bonds payable	(28,909)	(224,254)	-	-	-	(253,163)
Net cash used in noncapital financing activities	<u>(48,766)</u>	<u>(506,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(555,559)</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	(231,721)	(1,268,563)	-	-	-	(1,500,284)
Issuance of other long-term liabilities	93,252	-	-	-	-	93,252
Principal paid on bonds payable and other long-term liabilities	(197,367)	(45,598)	-	-	-	(242,965)
Interest paid on bonds payable and other long-term liabilities	(3,992)	(4,790)	-	-	-	(8,782)
Proceeds from sale of capital assets	-	50,334	-	-	-	50,334
Net cash used in capital and related financing activities	<u>(339,828)</u>	<u>(1,268,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,608,445)</u>
Net change in cash and investments	<u>401,017</u>	<u>853,101</u>	<u>(14,534)</u>	<u>(985,123)</u>	<u>2,056,904</u>	<u>2,311,365</u>
Cash and investments balances, beginning of year	<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>
Cash and investments balances, end of year	<u>\$ 5,057,581</u>	<u>\$ 13,445,265</u>	<u>\$ 2,042,283</u>	<u>\$ 2,929,071</u>	<u>\$ 3,525,936</u>	<u>\$ 27,000,136</u>

continued...

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2024

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 759,570	\$ 2,269,507	\$ 72,259	\$ (44,411)	\$ 515,359	\$ 3,572,284
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation/amortization	208,126	1,500,331	-	-	-	1,708,457
Changes in assets and liabilities:						
Receivables, net	-	(3,274)	-	-	692,094	688,820
Prepaid items	16,436	-	(99,997)	(830,144)	467,912	(445,793)
Inventories	-	(678)	-	-	-	(678)
Net other postemployment benefit asset	(57,874)	(1,188,759)	-	-	-	(1,246,633)
Deferred outflows related to the net pension liability	5,851	(5,578)	-	-	-	273
Deferred outflows related to the net other postemployment benefit asset	17,836	61,195	-	-	-	79,031
Accounts payable	(75,319)	(184,310)	16,172	(568)	105,679	(138,346)
Accrued and other liabilities	(1,402)	3,475	-	(110,000)	-	(107,927)
Other long-term liabilities	-	-	(2,968)	-	275,860	272,892
Compensated absences	(19,271)	8,388	-	-	-	(10,883)
Net pension liability	(64,320)	100,952	-	-	-	36,632
Deferred inflows related to the net other postemployment benefit asset	(22)	67,262	-	-	-	67,240
Net cash provided by (used in) operating activities	<u>\$ 789,611</u>	<u>\$ 2,628,511</u>	<u>\$ (14,534)</u>	<u>\$ (985,123)</u>	<u>\$ 2,056,904</u>	<u>\$ 4,475,369</u>

concluded.

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2024

	General Custodial	Tax Collection	44th District Court	Total
Assets				
Cash and investments	\$ 68,902	\$ 60,452	\$ 160,719	\$ 290,073
Liabilities				
Undistributed receipts	17,601	60,452	67,049	145,102
Due to City of Berkley	-	-	12,259	12,259
Due to other governmental units	30	-	-	30
Bonds and deposits	1	-	81,411	81,412
Total liabilities	17,632	60,452	160,719	238,803
Net position				
Restricted for individuals, organizations and other governments	\$ 51,270	\$ -	\$ -	\$ 51,270

CITY OF ROYAL OAK, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2024

	General Custodial	Tax Collection	44th District Court	Total
Additions				
Taxes collected for other governments	\$ -	\$ 92,662,655	\$ -	\$ 92,662,655
Other additions	108,376	-	932,515	1,040,891
Total additions	108,376	92,662,655	932,515	93,703,546
Deductions				
Payments of taxes to other governments	-	92,662,655	-	92,662,655
Other deductions	293,827	-	932,515	1,226,342
Total deductions	293,827	92,662,655	932,515	93,888,997
Change in net position	(185,451)	-	-	(185,451)
Net position, beginning of year	236,721	-	-	236,721
Net position, end of year	<u>\$ 51,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,270</u>

CITY OF ROYAL OAK, MICHIGAN

Balance Sheets

Component Units

June 30, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Assets				
Cash and investments	\$ 1,619,278	\$ 125,262	\$ 428,150	\$ 2,172,690
Receivables, net	20,453	-	5,026	25,479
Prepaid items	214,700	-	-	214,700
Total assets	<u>\$ 1,854,431</u>	<u>\$ 125,262</u>	<u>\$ 433,176</u>	<u>\$ 2,412,869</u>
Liabilities				
Accounts payable	\$ 137,197	\$ -	\$ 11,635	\$ 148,832
Accrued and other liabilities	4,175	2,562	-	6,737
Total liabilities	<u>141,372</u>	<u>2,562</u>	<u>11,635</u>	<u>155,569</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	20,453	-	5,026	25,479
Fund balances				
Nonspendable	214,700	-	-	214,700
Unassigned	1,477,906	122,700	416,515	2,017,121
Total fund balances	<u>1,692,606</u>	<u>122,700</u>	<u>416,515</u>	<u>2,231,821</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,854,431</u>	<u>\$ 125,262</u>	<u>\$ 433,176</u>	<u>\$ 2,412,869</u>

CITY OF ROYAL OAK, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
Component Units
June 30, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Fund balances for component units	\$ 1,692,606	\$ 122,700	\$ 416,515	\$ 2,231,821
Amounts reported for <i>component units</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.				
Capital assets, net of accumulated depreciation	1,145,018	-	-	1,145,018
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	20,453	-	5,026	25,479
Certain liabilities, such as bonds payable, are not due, and payable in the current period, and therefore are not reported in the funds.				
Compensated absences	(6,095)	(9,747)	-	(15,842)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities/assets 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	(63,259)	(49,394)	-	(112,653)
Deferred outflows related to the pension liability	5,081	3,967	-	9,048
Net other postemployment benefit asset	199,610	152,488	-	352,098
Deferred outflows related to the net other postemployment benefit asset	17	13	-	30
Deferred inflows related to the net other postemployment benefit asset	(13,578)	(10,372)	-	(23,950)
Net position for component units	<u>\$ 2,979,853</u>	<u>\$ 209,655</u>	<u>\$ 421,541</u>	<u>\$ 3,611,049</u>

CITY OF ROYAL OAK, MICHIGAN

Statements of Revenues, Expenditures and Changes in Fund Balances

Component Units

For the Year Ended June 30, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Revenues				
Taxes	\$ 6,028,849	\$ 50,348	\$ 479,230	\$ 6,558,427
Interest and rentals	189,557	5,637	28,523	223,717
Contributions and donations	80,254	-	-	80,254
Total revenues	6,298,660	55,985	507,753	6,862,398
Expenditures				
Current -				
Community and economic development	7,541,702	52,703	483,803	8,078,208
Change in fund balances	(1,243,042)	3,282	23,950	(1,215,810)
Fund balances, beginning of year	2,935,648	119,418	392,565	3,447,631
Fund balances, end of year	<u>\$ 1,692,606</u>	<u>\$ 122,700</u>	<u>\$ 416,515</u>	<u>\$ 2,231,821</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, 2024

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
Net change in fund balances - component units	\$ (1,243,042)	\$ 3,282	\$ 23,950	\$ (1,215,810)
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	(56,966)	-	-	(56,966)
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.				
	(23,608)	(194)	93	(23,709)
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	(296)	(5,945)	-	(6,241)
Change in the net pension liability and related deferred amounts	(23,436)	(8,320)	-	(31,756)
Change in the net other postemployment benefit liability/asset and related deferred amounts	207,857	166,034	-	373,891
Change in net position of component units	<u>\$ (1,139,491)</u>	<u>\$ 154,857</u>	<u>\$ 24,043</u>	<u>\$ (960,591)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 6,800,000	\$ 6,800,000	\$ 6,028,849	\$ (771,151)
Interest and rentals	80,720	200,720	189,557	(11,163)
Contributions and donations	60,000	80,250	80,254	4
Total revenues	6,940,720	7,080,970	6,298,660	(782,310)
Expenditures				
Community and economic development	7,325,657	8,917,957	7,541,702	(1,376,255)
Net change in fund balance	(384,937)	(1,836,987)	(1,243,042)	593,945
Fund balance, beginning of year	2,935,648	2,935,648	2,935,648	-
Fund balance, end of year	<u>\$ 2,550,711</u>	<u>\$ 1,098,661</u>	<u>\$ 1,692,606</u>	<u>\$ 593,945</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 53,100	\$ 53,100	\$ 50,348	\$ (2,752)
Interest and rentals	3,390	3,390	5,637	2,247
Total revenues	56,490	56,490	55,985	(505)
Expenditures				
Community and economic development	54,707	54,707	52,703	(2,004)
Net change in fund balance	1,783	1,783	3,282	1,499
Fund balance, beginning of year	119,418	119,418	119,418	-
Fund balance, end of year	<u>\$ 121,201</u>	<u>\$ 121,201</u>	<u>\$ 122,700</u>	<u>\$ 1,499</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 587,870	\$ 328,980	\$ 479,230	\$ 150,250
Interest and rentals	16,580	16,580	28,523	11,943
Total revenues	604,450	345,560	507,753	162,193
Expenditures				
Community and economic development	604,450	437,960	483,803	45,843
Net change in fund balance	-	(92,400)	23,950	116,350
Fund balance, beginning of year	392,565	392,565	392,565	-
Fund balance, end of year	<u>\$ 392,565</u>	<u>\$ 300,165</u>	<u>\$ 416,515</u>	<u>\$ 116,350</u>

STATISTICAL SECTION



CITY OF ROYAL OAK, MICHIGAN

Statistical Section Table of Contents

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

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	154
Revenue Capacity	These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	164
Debt Capacity	These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	170
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	180
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	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,				
	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 132,341,007	\$ 147,194,839	\$ 162,548,501	\$ 164,150,728	\$ 172,140,496
Restricted	22,551,701	22,766,807	22,841,819	42,728,743	43,889,577
Unrestricted (deficit)	(51,921,632)	(53,192,731)	(123,384,259)	(134,860,007)	(140,275,546)
Total governmental activities net position	<u>102,971,076</u>	<u>116,768,915</u>	<u>62,006,061</u>	<u>72,019,464</u>	<u>75,754,527</u>
Business-type activities:					
Net investment in capital assets	78,110,713	85,228,498	86,510,191	95,264,335	99,639,992
Restricted	-	-	-	858,762	-
Unrestricted	13,660,160	12,647,786	13,468,325	8,206,149	7,334,227
Total business-type activities net position	<u>91,770,873</u>	<u>97,876,284</u>	<u>99,978,516</u>	<u>104,329,246</u>	<u>106,974,219</u>
Primary government:					
Net investment in capital assets	210,451,720	232,423,337	249,058,692	259,415,063	271,780,488
Restricted	22,551,701	22,766,807	22,841,819	43,587,505	43,889,577
Unrestricted (deficit)	(38,261,472)	(40,544,945)	(109,915,934)	(126,653,858)	(132,941,319)
Total primary government net position	<u>\$ 194,741,949</u>	<u>\$ 214,645,199</u>	<u>\$ 161,984,577</u>	<u>\$ 176,348,710</u>	<u>\$ 182,728,746</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,				
2020	2021	2022	2023	2024
\$ 183,352,675	\$ 201,877,607	\$ 217,042,279	\$ 227,298,315	\$ 245,244,364
45,330,003	38,406,593	35,238,663	37,680,638	74,560,594
(157,217,394)	(153,609,925)	(157,272,351)	(146,392,343)	(142,366,942)
<u>71,465,284</u>	<u>86,674,275</u>	<u>95,008,591</u>	<u>118,586,610</u>	<u>177,438,016</u>
104,316,911	109,245,957	112,941,252	118,441,719	124,525,508
-	-	-	-	3,592,204
3,795,149	1,360,873	603,473	(950,505)	7,131,030
<u>108,112,060</u>	<u>110,606,830</u>	<u>113,544,725</u>	<u>117,491,214</u>	<u>135,248,742</u>
287,669,586	311,123,564	329,983,531	345,740,034	369,769,872
45,330,003	38,406,593	35,238,663	37,680,638	78,152,798
(153,422,245)	(152,249,052)	(156,668,878)	(147,342,848)	(135,235,912)
<u>\$ 179,577,344</u>	<u>\$ 197,281,105</u>	<u>\$ 208,553,316</u>	<u>\$ 236,077,824</u>	<u>\$ 312,686,758</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,			
	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 9,017,535	\$ 10,233,170	\$ 10,372,611	\$ 14,363,323
Public safety	29,965,336	33,545,346	34,856,261	29,394,734
Public works	13,295,707	11,803,571	12,216,069	15,108,477
Health and welfare	834,244	741,945	644,426	727,841
Community and economic development	1,444,432	1,442,994	2,371,971	1,263,096
Recreation and culture	3,762,240	4,056,345	3,953,833	4,006,934
Interest on long-term debt	431,845	385,521	1,994,475	4,836,981
Total governmental activities expenses	<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	23,658,591	24,989,668	25,141,329	28,174,579
Parking	2,857,366	3,130,520	2,223,353	3,269,367
Recreation	2,229,514	2,146,622	1,927,746	2,764,962
Farmers market	471,484	516,110	531,140	574,689
Total business-type activities expenses	<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>87,968,294</u>	<u>92,991,812</u>	<u>92,991,812</u>	<u>104,484,983</u>
Program Revenues				
Governmental activities:				
General government	5,862,692	7,009,130	7,179,495	7,399,361
Public safety	4,563,491	5,474,015	3,875,975	5,139,458
Public works	1,802,601	2,395,568	1,733,456	1,074,690
Health and welfare	891,010	1,108,659	1,059,388	1,145,601
Community and economic development	380,257	478,678	396,907	326,964
Recreation and culture	2,031,676	2,122,582	2,236,406	2,041,403
Charges for services	15,531,727	18,588,632	16,481,627	17,127,477
Operating grants and contributions	4,232,338	5,531,956	5,128,426	4,997,631
Capital grants and contributions	162,263	148,372	1,917,700	1,460,071
Total governmental activities program revenues	<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	25,772,888	30,672,689	31,716,708	31,237,079
Parking	3,806,662	3,921,394	3,926,728	4,007,092
Recreation	2,275,535	2,373,123	2,558,056	2,345,541
Farmers market	495,244	482,662	488,660	573,426
Charges for services	32,350,329	37,449,868	38,690,152	38,163,138
Operating grants and contributions	635,612	440,016	354,180	968,812
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<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>52,912,269</u>	<u>62,158,844</u>	<u>62,572,085</u>	<u>62,717,129</u>
Net (Expense)/Revenue				
Governmental activities	(38,825,011)	(37,939,932)	(42,881,893)	(46,116,207)
Business-type activities	3,768,986	7,106,964	9,220,764	4,348,353
Total primary government net expense	<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	2024
\$ 11,074,646	\$ 11,382,087	\$ 9,635,182	\$ 11,582,239	\$ 14,444,592	\$ 7,833,214
40,636,081	45,580,867	26,476,884	38,697,761	40,471,312	13,428,958
14,389,451	15,575,908	24,982,054	17,387,047	17,521,710	15,229,444
764,584	962,860	865,423	939,960	858,276	78,868
2,789,079	2,507,284	2,045,845	2,589,823	1,801,089	(855,731)
5,204,465	4,780,355	1,956,003	3,979,382	8,062,882	5,585,268
5,497,483	5,340,663	5,169,439	4,976,602	4,794,365	4,571,998
80,355,789	86,130,024	71,130,830	80,152,814	87,954,226	45,872,019
27,746,374	27,084,061	26,979,449	27,514,146	29,119,646	26,387,033
4,466,562	5,298,493	5,077,742	4,259,864	4,913,142	5,137,775
2,258,175	2,066,368	2,182,520	2,156,647	2,350,686	2,332,519
581,748	556,567	492,500	573,094	595,863	572,475
35,052,859	35,005,489	34,732,211	34,503,751	36,979,337	34,429,802
115,408,648	121,135,513	105,863,041	114,656,565	124,933,563	80,301,821
7,604,110	6,128,105	5,269,272	5,652,253	5,915,438	6,173,656
4,746,692	3,735,171	3,519,016	3,769,189	6,370,685	4,900,239
1,063,932	1,037,646	813,470	847,396	730,954	686,000
1,067,356	1,092,802	1,045,438	1,314,847	1,473,698	1,633,133
471,646	456,433	540,833	282,998	306,356	319,768
1,988,743	1,782,524	1,520,595	1,700,454	1,627,682	1,634,416
16,942,479	14,232,681	12,708,624	13,567,137	16,424,813	15,347,212
6,650,018	5,739,450	8,264,003	7,106,348	21,102,296	16,703,116
1,372,826	306,117	1,655,703	1,414,307	1,658,039	1,235,991
24,965,323	20,278,248	22,628,330	22,087,792	39,185,148	33,286,319
26,718,253	26,770,023	28,948,071	28,030,479	30,720,370	32,829,485
4,679,363	3,890,923	2,428,675	3,511,672	3,711,101	4,249,895
2,264,394	1,645,926	1,059,257	2,266,658	2,218,567	2,476,743
479,400	324,484	289,620	536,634	560,247	610,689
34,141,410	32,631,356	32,725,623	34,345,443	37,210,285	40,166,812
1,022,784	790,924	1,507,746	714,812	1,688,537	2,559,103
-	-	75,953	-	319,237	32,602
35,164,194	33,422,280	34,309,322	35,060,255	39,218,059	42,758,517
60,129,517	53,700,528	56,937,652	57,148,047	78,403,207	76,044,836
(55,390,466)	(65,851,776)	(48,502,500)	(58,065,022)	(48,769,078)	(12,585,700)
111,335	(1,583,209)	(422,889)	556,504	2,238,722	8,328,715
(55,279,131)	(67,434,985)	(48,925,389)	(57,508,518)	(46,530,356)	(4,256,985)

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CITY OF ROYAL OAK, MICHIGAN

Financial Trends

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

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 39,990,264	\$ 40,810,616	\$ 43,475,312	\$ 44,105,070
Unrestricted state shared revenues	8,953,377	9,411,377	10,037,969	11,156,084
Unrestricted investment earnings (loss)	72,513	119,498	245,423	737,720
Gain on sale of capital assets	31,381	57,705	97,786	65,928
Miscellaneous	316,812	337,022	682,341	67,185
Transfers	2,380,968	1,001,553	(1,155,651)	(2,377)
Total governmental activities	<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	272	-	-	-
Transfers	(2,380,968)	(1,001,553)	1,155,651	2,377
Total business-type activities	<u>(2,380,696)</u>	<u>(1,001,553)</u>	<u>1,155,651</u>	<u>2,377</u>
Total primary government	<u>49,364,619</u>	<u>50,736,218</u>	<u>54,538,831</u>	<u>56,131,987</u>
Change in Net Position				
Governmental activities	12,920,304	13,797,839	10,501,287	10,013,403
Business-type activities	1,388,290	6,105,411	10,376,415	4,350,730
Total primary government	<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	2024
\$ 44,701,037	\$ 46,697,585	\$ 48,844,891	\$ 50,566,421	\$ 54,771,019	\$ 59,732,005
12,873,364	13,379,442	14,693,549	15,598,185	16,391,190	16,627,823
808,200	819,107	51,940	(232,808)	681,355	2,219,369
53,639	75,848	162,193	107,541	45,228	10,102
373,621	348,684	67,030	304,169	198,019	199,339
315,668	241,867	(108,112)	55,830	260,286	(7,351,532)
59,125,529	61,562,533	63,711,491	66,399,338	72,347,097	71,437,106
2,849,306	2,889,836	2,809,547	2,437,221	1,968,053	2,077,281
-	73,081	-	-	-	-
-	-	-	-	-	-
(315,668)	(241,867)	108,112	(55,830)	(260,286)	7,351,532
2,533,638	2,721,050	2,917,659	2,381,391	1,707,767	9,428,813
64,192,805	67,004,633	69,546,809	71,162,120	75,762,631	90,294,732
3,735,063	(4,289,243)	15,208,991	8,334,316	23,578,019	58,851,406
2,644,973	1,137,841	2,494,770	2,937,895	3,946,489	17,757,528
\$ 6,380,036	\$ (3,151,402)	\$ 17,703,761	\$ 11,272,211	\$ 27,524,508	\$ 76,608,934

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,			
	2015	2016	2017	2018
General fund				
Nonspendable	\$ 10,974	\$ 11,007	\$ 2,942	\$ -
Restricted	768,682	695,389	823,324	942,818
Assigned	3,092,000	3,092,000	593,000	616,000
Unassigned	13,085,091	14,481,359	21,321,516	19,445,520
Total general fund	<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	172,509	190,679	207,663	145,721
Restricted	21,610,510	21,943,777	21,902,318	68,519,731
Committed	-	-	-	-
Assigned	2,317,454	2,046,139	898,444	1,246,580
Total all other governmental funds	<u>24,100,473</u>	<u>24,180,595</u>	<u>23,008,425</u>	<u>69,912,032</u>
Total governmental funds	<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	2024
\$ 14,553	\$ 10,942	\$ 11,998	\$ 168,052	\$ 137,540	\$ 93,395
1,055,028	1,158,516	992,918	882,191	965,731	1,058,392
538,373	441,572	553,201	643,939	1,049,856	525,561
16,526,632	13,625,862	14,969,214	9,082,144	11,752,718	10,856,720
<u>18,134,586</u>	<u>15,236,892</u>	<u>16,527,331</u>	<u>10,776,326</u>	<u>13,905,845</u>	<u>12,534,068</u>
146,398	182,813	171,370	221,669	295,090	283,994
69,576,434	49,063,314	36,431,851	30,829,825	32,239,233	42,594,081
-	-	-	2,195,096	1,428,953	-
<u>1,572,982</u>	<u>1,611,509</u>	<u>2,503,266</u>	<u>1,960,096</u>	<u>12,720,397</u>	<u>2,586,039</u>
<u>71,295,814</u>	<u>50,857,636</u>	<u>39,106,487</u>	<u>35,206,686</u>	<u>46,683,673</u>	<u>45,464,114</u>
<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>	<u>\$ 57,998,182</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,			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 40,327,885	\$ 40,812,298	\$ 42,842,346	\$ 44,116,492
Licenses and permits	5,346,516	6,629,135	5,266,746	6,468,067
Federal grants	1,840,046	1,677,378	874,059	622,073
State grants	9,675,169	10,362,532	10,565,275	12,060,928
Charges for services	5,606,654	6,513,571	5,573,732	5,194,808
Fines and forfeitures	4,546,629	5,399,533	5,521,496	5,565,482
Interest and rentals	465,430	571,454	853,631	1,454,753
Contributions and donations	1,272,088	2,217,097	2,886,747	2,154,924
Other revenue	583,449	876,644	3,028,574	2,110,299
Total revenues	69,663,866	75,059,642	77,412,606	79,747,826
Expenditures				
General government	8,805,147	10,259,300	10,725,709	14,458,355
Public safety	30,347,526	31,858,670	36,112,017	26,760,217
Public works	18,827,277	24,544,700	26,548,191	20,919,825
Health and welfare	858,501	735,301	675,256	725,657
Community and economic development	1,416,767	1,396,557	2,393,734	1,231,554
Recreation and culture	3,815,200	4,042,879	4,145,786	3,789,977
Debt service:				
Principal payments	1,356,000	1,423,000	1,480,876	5,770,485
Interest and paying agent fees	401,704	399,159	231,120	4,476,624
Bond issuance costs	32,838	-	-	-
Total expenditures	65,860,960	74,659,566	82,312,689	78,132,694
Revenue over (under) expenditures	3,802,906	400,076	(4,900,083)	1,615,132
Other financing sources (uses)				
Issuance of long-term liabilities	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	25,286,037	31,612,692	40,259,720	27,383,727
Transfers out	(22,913,344)	(30,668,047)	(32,070,780)	(27,386,104)
Proceeds from sale of assets	53	-	-	-
Total other financing sources (uses)	2,405,584	1,003,054	8,188,940	43,980,880
Net change in fund balances	\$ 6,208,490	\$ 1,403,130	\$ 3,288,857	\$ 45,596,012
Debt service as a percentage of noncapital expenditures	2.98%	3.03%	2.57%	2.57%

Schedule 4
UNAUDITED

Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$ 45,410,295	\$ 46,963,539	\$ 48,943,009	\$ 50,417,700	\$ 54,666,457	\$ 59,678,190
5,931,078	5,307,655	4,872,742	4,408,231	5,337,127	4,298,258
1,871,525	1,265,205	5,252,341	2,591,531	17,197,901	11,980,832
14,094,799	13,995,554	15,113,013	15,941,851	16,729,688	16,996,737
5,393,336	4,604,932	4,574,298	4,868,160	5,236,958	5,623,299
5,541,735	4,292,710	3,126,835	3,619,982	5,575,842	5,132,640
2,782,918	2,283,567	509,679	287,411	2,844,629	4,738,414
2,789,395	2,672,482	3,315,920	5,062,427	3,193,792	3,321,824
589,827	558,566	277,695	654,312	394,424	298,401
84,404,908	81,944,210	85,985,532	87,851,605	111,176,818	112,068,595
9,153,431	10,135,722	9,962,483	11,703,133	13,946,110	13,830,090
28,661,241	31,039,097	30,780,622	33,430,481	34,138,171	36,166,697
28,201,992	44,386,260	35,049,488	24,184,707	27,078,872	35,433,610
726,938	948,261	914,455	986,241	885,031	985,290
2,351,165	2,093,136	1,955,139	2,796,118	1,610,198	1,859,284
4,662,412	4,627,144	5,000,825	12,020,804	7,371,566	7,466,598
7,130,551	6,878,317	7,024,212	7,233,367	6,999,674	6,916,898
5,318,816	5,378,012	5,213,361	5,028,390	4,843,320	4,627,932
-	-	-	-	-	-
86,206,546	105,485,949	95,900,585	97,383,241	96,872,942	107,286,399
(1,801,638)	(23,541,739)	(9,915,053)	(9,531,636)	14,303,876	4,782,196
-	-	-	-	208,644	-
-	-	-	-	-	-
-	-	-	-	-	-
30,891,461	26,612,342	21,599,699	26,203,391	26,545,320	54,454,235
(30,575,793)	(26,406,475)	(22,145,356)	(26,322,561)	(26,451,334)	(61,827,767)
-	-	-	-	-	-
315,668	205,867	(545,657)	(119,170)	302,630	(7,373,532)
\$ (1,485,970)	\$ (23,335,872)	\$ (10,460,710)	\$ (9,650,806)	\$ 14,606,506	\$ (2,591,336)
18.10%	16.77%	17.14%	15.40%	14.21%	13.49%

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
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	-
2023	2024	2,782,243,510	649,309,040	50,127,290	196,077,380	-

Note: Under Michigan law, the revenue base is referred to as "Taxable Value."
This amount represents assessed value (50% of true cash value), limited for each property to be the lower of 5% or inflation.

Source: City Assessor's records.

Schedule 5
UNAUDITED

Total Taxable Value	Direct Tax Rate (mills)	Total SEV	Taxable Value as a % of SEV
\$ 2,277,110,800	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%
3,677,757,220	17.6202	4,487,738,440	82.0%

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
		Charter	Publications	Refuse-State	Refuse-Voted							
2014	2015	7.3947	0.0218	2.0164	0.9965	0.9597	3.975	2.5000	0.2910	n/a	n/a	n/a
2015	2016	7.3695	0.0223	2.0095	0.5931	0.9564	3.961	2.4915	0.2770	n/a	n/a	n/a
2016	2017	7.2899	0.0206	1.9877	0.9823	0.9460	3.919	2.4645	0.2665	n/a	n/a	n/a
2017	2018	7.2031	0.0195	1.9640	0.9706	0.9347	3.872	2.4351	0.2400	n/a	n/a	n/a
2018	2019	7.1389	0.0180	1.9465	0.9619	0.9263	3.837	2.4134	0.2450	1.1360	1.1360	1.1360
2019	2020	7.0625	0.0169	1.9256	0.7016	0.9163	3.7963	2.3875	0.2270	1.0850	1.0850	1.0850
2020	2021	6.9890	0.0160	1.9055	0.6940	0.9067	3.7568	2.3626	0.2175	1.0015	1.0015	1.0015
2021	2022	6.9058	0.0154	1.8828	0.6940	0.8959	3.7120	2.3344	0.2056	0.8220	0.8220	0.8220
2022	2023	6.8118	0.0145	1.8571	0.5000	0.8837	3.6615	2.3026	n/a	0.6268	0.2000	0.7000
2023	2024	6.8118	0.0149	1.8571	0.5000	1.0000	3.6615	2.3026	n/a	0.5723	0.2000	0.7000

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					
2023	2024	6.8118	0.0149	1.8571	0.5000	1.0000	n/a	0.5723	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 97.44% 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.

Total Direct Taxes	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.	
18.1551	5.9461	3.3690	1.5844	6.0000	35.0546	7.1928	22.7500	42.2474	57.8046	1.6477
17.6807	5.8448	3.3633	1.5819	6.0000	34.4707	7.3842	22.7466	41.8549	57.2173	1.6409
17.8761	5.7850	3.3398	1.5707	6.0000	34.5716	7.2911	22.7363	41.8627	57.3079	1.6146
17.6389	5.7712	3.3079	1.5555	6.0000	34.2735	6.6955	22.2253	40.9690	56.4988	1.6146
18.6234	5.7805	3.2813	1.5431	6.0000	37.5003	6.5245	22.2160	44.0248	59.7163	1.6021
18.1187	5.5746	3.2539	1.5303	6.0000	36.6475	6.0511	21.9568	42.6986	58.6043	1.6021
17.8496	4.8682	3.2280	1.5184	6.0000	33.4642	6.2372	21.9470	39.7014	55.4112	1.6021
17.4679	4.8544	3.2012	1.5057	6.0000	33.0292	5.3966	21.5361	38.4258	54.5653	1.6003
17.5580	5.7577	3.1658	1.4891	6.0000	33.9706	3.9331	21.3240	37.9037	55.2946	1.6003
17.6202	5.7577	3.1658	1.4891	6.0000	34.0328	4.3109	21.2000	38.3437	55.2328	1.6003

Revenue Capacity Information

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	Assessment Year					
	2015			2024		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Consumers Energy	\$ 18,709,200	2	0.82%	\$ 78,544,930	1	2.14%
DTE Electric Company	21,908,160	1	0.96%	38,600,420	2	1.05%
Corewell Health**	17,034,910	3	0.75%	33,810,040	3	0.92%
The Griffin Singh, LLC				30,716,820	4	0.84%
Central Park Development Group, LLC				24,700,440	5	0.67%
Trailhead RO, LLC				20,215,150	6	0.55%
Midtown Pointe, LLC				14,740,820	7	0.40%
Meijer	6,299,190	9	0.28%	7,916,470	8	0.22%
International Transmission Company				7,846,660	9	0.21%
LL Real Estate, LLC				7,658,770	10	0.21%
Metaldyne	16,023,410	4	0.70%			
Amber Equities, LLC	14,498,250	5	0.64%			
Flex-N-Gate	12,910,240	6	0.57%			
Sears/Kmart	8,143,560	7	0.36%			
MacLean-Fogg	7,259,490	8	0.32%			
H2 Royal Oak LLC	6,154,790	10	0.27%			
Total taxable value of ten largest taxpayers	128,941,200		5.67%	264,750,520		7.21%
Total taxable value of all other taxpayers	2,148,169,600		94.33%	3,413,006,700		92.79%
Total taxable value of all taxpayers	<u>\$ 2,277,110,800</u>		<u>100.00%</u>	<u>\$ 3,677,757,220</u>		<u>100.00%</u>

Note ** formally William Beaumont Hospital

Source: City Assessor

Revenue Capacity InformationProperty Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount (1)	Percent of Levy		Amount	Percent of Levy
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%
2023	2024	66,386,161	66,347,129	99.94%	1,614	66,348,743	99.94%

(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,			
	2015	2016	2017	2018
Governmental Activities				
General obligation bonds	\$ 12,634,354	\$ 10,960,611	\$ 122,979,133	\$ 158,311,355
Lease liability	-	-	-	-
Subscription liabilities	-	-	-	-
Total	12,634,354	10,960,611	122,979,133	158,311,355
Business-type Activities				
General obligation bonds	15,475,000	15,658,150	27,525,472	28,057,005
Revenue bonds, loans, and contractual obligations	24,281,284	21,655,862	32,233,267	44,891,919
Total	39,756,284	37,314,012	59,758,739	72,948,924
Total debt of the City	\$ 52,390,638	\$ 48,274,623	\$ 182,737,872	\$ 231,260,279
Total personal income	\$ 3,365,977,560	\$ 3,508,809,444	\$ 3,744,166,724	\$ 2,413,247,400
Ratio of total debt to personal income	1.56%	1.38%	4.88%	9.58%
Total population	59,016	58,716	59,006	59,112
Total debt per capita	\$888	\$822	\$3,097	\$3,912

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

Source: City Finance Department

Schedule 9
UNAUDITED

Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$ 150,496,176	\$ 142,919,667	\$ 135,396,758	\$ 127,680,471	\$ 120,410,107	\$ 113,221,218
-	-	-	-	60,720	31,773
-	-	-	709,430	1,079,965	761,231
<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>	<u>114,014,222</u>
26,262,269	24,433,635	22,366,828	20,462,696	18,505,157	16,494,143
<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>20,936,542</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>37,430,685</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>	<u>\$ 151,444,907</u>
\$ 2,434,392,801	\$ 2,867,643,429	\$ 2,990,945,765	\$ 3,002,174,114	\$ 3,180,238,848	\$ 3,469,247,280
8.96%	7.12%	6.35%	5.90%	5.18%	4.37%
59,461	59,277	59,195	58,211	58,368	58,053
\$3,667	\$3,443	\$3,210	\$3,043	\$2,822	\$2,609

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)	
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
2024	113,221,218	-	-	16,494,143	129,715,361

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

Schedule 10
UNAUDITED

Taxable Value	Governmental Debt as a Percentage of Taxable Value	Population	Governmental Debt per Capita
\$ 2,277,110,800	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
3,677,757,220	3.53%	58,053	2,234



Debt Capacity Information

Direct and Overlapping Governmental Activities Debt
June 30, 2024

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Per Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 114,014,222	\$ -	\$ 114,014,222	\$ 1,964	3.10%
Overlapping Debt:					
	Gross (1)	City share as % of Gross (1)	Net City Share		
Royal Oak School District	\$ 29,235,000	97.44%	\$ 28,486,584		
Berkley School District	136,435,000	1.76%	2,401,256		
Clawson School District	80,020,223	0.96%	768,194		
Oakland County at large	144,919,913	4.91%	7,115,568		
Oakland Intermediate School District	38,215,000	4.93%	1,884,000		
Oakland County Community College	-	4.95%	-		
Total Overlapping Debt	<u>428,825,136</u>		<u>40,655,601</u>	<u>700</u>	<u>1.11%</u>
Total Direct and Overlapping Debt	<u>\$ 542,839,358</u>		<u>\$ 154,669,823</u>	<u>\$ 2,664</u>	<u>4.21%</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
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%
2024	448,773,844	129,715,361	319,058,483	28.90%

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)	\$ 4,487,738,440	\$ 4,487,738,440
Legal debt limit (% of SEV)	<u>448,773,844</u>	<u>224,386,922</u>
Debt outstanding	151,444,907	151,444,907
Less: exempt obligations	<u>(21,729,546)</u>	<u>(114,762,699)</u>
Debt subject to SEV limitation	<u>129,715,361</u>	<u>36,682,208</u>
Legal Debt Margin	<u>\$ 319,058,483</u>	<u>\$ 187,704,714</u>
Applicable debt outstanding as a percentage of SEV	2.89%	0.82%

* 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 Eight Fiscal Years

	Parking Revenue Bonds							
Fiscal Year	Parking Operating Revenue	Less: Applicable Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage	
				Principal	Interest	Total		
2017	\$ 3,926,728	\$ 2,925,904	\$ 1,000,824	\$ -	\$ 137,363	\$ 137,363	729%	
2018	4,007,092	1,713,398	2,293,694	675,000	487,013	1,162,013	197%	
2019	4,679,363	2,307,737	2,371,626	700,000	461,576	1,161,576	204%	
2020	3,890,923	2,435,450	1,455,473	1,570,000	999,907	2,569,907	57%	
2021	2,428,675	1,818,852	609,823	1,630,000	941,981	2,571,981	24%	
2022	3,511,672	1,948,654	1,563,018	1,695,000	881,791	2,576,791	61%	
2023	3,711,101	2,741,410	969,691	1,755,000	820,337	2,575,337	38%	
2024	4,249,895	3,062,471	1,187,424	1,825,000	754,526	2,579,526	46%	

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

Source: City Finance Department

CITY OF ROYAL OAK, MICHIGAN

Demographic and Economic Information

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Number of Households (1)	Population (1)	Per Capita Personal Income (2)	Total Personal Income (\$000)	Median Age (1)	School Enrollment (3)
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
2024	31,204	58,053	59,760	3,469,247	35.9	4,981

Source:

- (1) U.S. Census Bureau, 2022 American Community Survey 5-year estimates
- (2) U.S. Census Bureau, 2022 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 (2023-24).
- (4) Michigan Bureau of Labor Market Information and Strategic Initiatives
June 2024 estimates (not seasonally adjusted)

Schedule 14
UNAUDITED

Royal Oak (4)		Michigan (4)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
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%
39,560	2.6%	5,074	5.0%

CITY OF ROYAL OAK, MICHIGAN

Schedule 15

UNAUDITED

Demographic and Economic Information

Principal Employers

Current Year and Nine Years Ago

Company Name	Product/Service	2015			2024		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Corewell Health**	Hospital	10,514	1	28.46%	9,635	1	24.36%
Royal Oak Public Schools	Education	476	4	1.29%	979	2	2.47%
City of Royal Oak	Municipality	496	3	1.34%	506	3	1.28%
Detroit Zoo	Zoo	334	8	0.90%	484	4	1.22%
Dassault Systèmes					439	5	1.11%
Henry Ford Health System	Medical Center				400	6	1.01%
Consumers Energy	Utility	350	6	0.95%	321	7	0.81%
RPM Logistics					258	8	0.65%
Holiday Market	Retailer/grocery store	300	9	0.81%	254	9	0.64%
Oakland Community College	Education	602	2	1.63%	223	10	0.56%
Flex-n-Gate	Automotive supplier	350	5	0.95%			
HHI - Form Tech Industries, LLC	Automotive supplier	345	7	0.93%			
Meijer	Retailer/grocery store	291	10	0.79%			
Total		14,058		38.06%	13,499		34.12%

Note ** formally William Beaumont Hospital

Source: Royal Oak Finance Department

Operating Information

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
City hall	1	1	1	1	1	1	1	1	1	1
Courthouse	1	1	1	1	1	1	1	1	1	1
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Marked patrol vehicles	26	26	29	29	29	29	29	29	28	29
Other police vehicles	24	24	24	26	26	26	26	26	27	26
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	4	5
Mobile command center	0	0	0	0	0	0	0	0	0	0
Other fire vehicles	10	10	10	10	10	10	10	11	11	11
Public Parking (*Beginning in 2022, new metered kiosks were installed that control multiple physical parking spaces.)										
Total spaces	3,815	3,815	3,465	3,740	3,889	4,339	4,339	4,404	4,226	4,232
Deck parking	1,532	1,532	1,532	1,983	2,564	2,564	2,564	2,569	2,569	2,569
Surface lots	1,473	1,473	1,195	974	522	816	816	876	787	828
Metered spaces	810	810	738	783	803	959	959	959	870	835
Meters*	2,203	2,203	1,352	1,352	1,268	1,775	1,390	236	240	144
Parks and Recreation										
Community center	2	2	2	2	2	2	2	2	2	2
Number of parks	51	51	51	51	51	51	51	51	51	51
Park acreage	352	352	352	352	352	352	352	352	352	352
Golf courses/holes	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.	1/9 ea.
Indoor ice skating surfaces	2	2	2	2	2	2	2	2	2	2
Tennis / Pickball courts	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	30/2 pickleball
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	184,362	179,393	162,945	154,781	152,589	145,819	144,962	141,641	134,605	130,993
Public computers	38	37	36	36	30	30	31	31	35	35
Roads and Sidewalks										
Miles of major streets	63.96	63.96	63.96	63.96	63.96	63.96	63.96	64.26	64.26	64.21
Miles of local streets	148.41	148.63	148.63	148.63	148.63	148.86	148.86	148.16	148.16	148.16
Number of traffic lights										
Utilities										
Water										
Miles of water main	219	219	219	219	219	219.05	219.48	220.35	220.66	220.66
Miles of sewer	361	361	362	363	363	362.89	362.91	362.96	362.97	362.97
Number of hydrants	2,138	2,138	2,159	2,167	2,194	2,198	2,198	2,207	2,218	2,218
Forestry										
Number of trees in rights-of-way	27,149	26,456	18,983	18,922	18,951	18,737	18,370	18,428	19,061	19,465

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	2015	2016	2017	2018
Election data (calendar year)				
Registered voters	48,202	48,898	48,314	48,316
Elections held	2	3	1	2
Voters (at the polls or absentee)	12,305	35,350	12,419	32,898
Percent voting	25.5%	72.3%	25.8%	68.1%
Vital Records (calendar year)				
Birth	5,958	6,703	6,903	6,878
Death	1,763	1,693	1,736	1,730
District Court (calendar year)				
Number of new court cases	18,969	32,027	29,386	30,805
Number of criminal cases disposed	4,269	2,604	2,456	2,746
Number of civil cases disposed	2,349	3,254	4,540	4,835
Number of parking tickets disposed	93,115	92,658	80,281	71,024
Assessing				
Parcels (tax / calendar year)	27,791	27,857	27,904	28,049
Documents processed (prior to 2008 PTAs only)	8,190	11,849	15,209	14,529
Building and Safety				
Permits issued	2,374	2,194	2,402	2,399
Estimated permit value (\$000)	\$77,778	\$167,991	\$121,953	\$214,660
Police (calendar year)				
Calls for service	48,051	46,563	49,139	48,450
Group A offenses	2,320	2,309	1,962	1,628
Group B offenses	1,296	1,333	1,400	1,140
Traffic violations issued	13,178	16,003	15,827	14,523
Parking violations issued	86,955	75,627	67,537	56,869
Fire				
Fire runs	2,277	2,179	2,121	2,112
Emergency medical runs	3,778	3,976	3,883	4,104
Inspections	590	611	702	496
Human Resources				
Employment applications - full & part-time	1,142	688	2,374	1,205
Hires, position changes, retirements, terminations	383	176	322	107
Workers' comp. claims filed - medical & indemnity	41	44	50	25
Health insurance enrollees - Employees	242	245	321	263
Health insurance enrollees - Retirees	434	431	461	379

Schedule 17
UNAUDITED

2019	2020	2021	2022	2023	2024
49,155	52,017	50,970	52,077	51,735	*
1	3	1	2	1	*
13,290	39,658	15,030	33,758	15,982	*
27.0%	76.2%	29.5%	64.8%	30.9%	*
7,154	6,881	7,103	6,821	5,555	*
1,644	1,839	1,960	1,697	1,591	*
31,461	57,930	50,988	161,905	168,604	*
2,420	2,528	3,585	3,167	3,800	*
3,300	3,903	5,327	3,990	3,669	*
62,415	42,156	28,757	139,475	159,360	*
28,025	28,049	28,027	28,137	28,080	28,063
14,705	14,597	11,764	10,349	8,003	4,167
2,904	2,090	2,888	2,551	2,509	2,559
\$155,516	\$111,755	\$142,857	\$90,777	\$200,416	\$87,635
51,852	45,120	37,496	41,173	40,324	*
1,438	1,201	1,403	1,616	1,773	*
1,030	769	858	1,003	1,115	*
15,688	8,964	8,538	11,472	11,081	*
69,175	37,542	23,902	119,257	143,274	*
1,954	1,633	1,751	2,052	2,022	2,081
4,158	4,309	3,903	4,840	5,302	5,333
647	309	564	808	1,774	2,818
2,047	955	1,091	2,026	1,986	2,077
203	221	427	218	246	278
41	53	40	42	48	56
263	257	260	274	292	292
425	433	431	441	434	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	2015	2016	2017	2018
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	3,697	3,634	3,785	3,816
Cardholders - total registrations	32,914	33,140	24,317	24,262
Circulation - number of transactions	378,252	372,934	403,009	399,759
Number of visitors**	213,784	347,223	369,996	193,697
Number of computer uses	42,871	36,782	38,387	36,139
Number of programs/events offered	439	425	513	507
Number of program/event attendees	10,885	13,518	15,503	16,794
Parks and recreation				
Ice rental and other use (hours per calendar year)	8,087	8,193	8,300	8,296
Recreation program participants	16,055	16,222	16,300	16,290
Golf Course				
Rounds of Golf - Normandy Oaks	-	-	-	-
Rounds of Golf - Royal Oak	20,760	18,225	18,700	15,327
Senior Programs				
Senior activity sessions	3,981	3,888	3,742	3,859
Senior activity participants	74,266	72,007	73,472	73,362
Senior meals served on-site and delivered	11,340	10,839	10,563	10,498
Senior transportation trips	13,559	12,863	13,095	11,302
Senior AGE program - Service Hours	24,000	24,000	24,000	24,000
Senior ROSES program in-home support jobs	2,074	2,066	2,081	2,457
Miles of street resurfaced	0.95	5.61	6.50	5.10
Square feet of sidewalk - removed & replaced	287,645	500,991	330,551	161,514
Square feet of sidewalk - new	18,952	14,256	55,994	73,732
Curbside refuse collected (tons)	29,341	23,565	24,444	22,334
Curbside compost collected (tons)	11,115	10,551	7,089	9,991
Curbside recyclables collected (tons)	3,906	4,035	4,229	5,410
Leaf collection (tons)	3,260	*	2,397	5,547
Feet of watermain - replaced	11,838	9,709	13,532	-
Feet of watermain - new (net of abandoned)	2,781	1,174	4,883	2,933
Feet of sewer - replaced	635	-	785	-
Feet of sewer - new	2	-	5,703	3,055
Utilities - Water and Sewer				
Number of customers billed	23,159	23,646	24,335	24,435
Water units purchased (100 cubic feet)	247,902,200	253,900,000	247,413,200	245,776,500
Water units billed (100 cubic feet)	215,800,400	228,319,400	242,515,739	237,825,100
Wastewater units disposed (100 cubic feet)	215,790,000	228,296,800	239,653,661	237,423,300

Source: City Departments

Note: * Information not available

2019	2020	2021	2022	2023	2024
3,412	2,782	1,321	3,001	3,848	3,857
23,885	22,002	23,787	24,644	28,074	26,851
339,197	309,806	285,862	280,135	323,792	333,669
163,413	127,211	31,936	107,144	155,456	185,907
22,861	21,768	3,436	11,735	14,802	18,011
494	444	323	367	434	439
17,275	14,116	7,240	8,607	12,902	15,209
11,000	2,700	7,536	8,000	8,978	9,746
16,300	8,000	15,880	16,280	16,377	13,849
-	-	-	-	-	-
15,327	21,950	19,525	23,300	36,620	29,978
3,655	2,348	237	869	4,910	4,985
73,060	21,707	2,233	7,802	13,558	20,979
8,704	5,607	150	111	4,704	5,170
11,105	8,876	10,500	6,506	6,280	6,472
24,000	19,000	2,343	4,286	24,000	6,477
1,954	1,157	115	481	920	862
7.00	3.82	6.48	4.40	6.35	8.39
86,126	58,553	85,984	91,699	54,996	101,657
25,447	4,505	2,388	2,953	1,188	8,550
21,950	22,282	23,351	23,203	22,294	21,658
12,352	4,721	5,218	4,407	12,427	12,415
5,573	5,673	5,699	5,382	4,975	4,989
7,881	9,076	7,018	5,294	6,093	5,984
1,497	15,309	7,294	14,280	5,095	10,483
20	(1,053)	2,255	4,589	1,614	-
-	1,887	383	-	121	829
-	1,212	83	254	50	-
24,670	24,807	24,884	24,912	24,940	24,940
238,277,000	235,779,826	229,118,148	250,023,794	278,758,561	219,593,591
226,450,300	214,001,600	201,576,400	211,131,000	223,069,000	257,434,900
226,365,600	213,847,100	201,605,427	211,158,500	222,891,300	257,438,700

concluded.

Operating Information

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

Function/Program	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
44th District Court/Probation	<u>22</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>34</u>	<u>36</u>
Administrative Services										
Manager	6	5	5	6	6	6	6	7	7	8
Attorney	4	4	4	4	4	4	4	4	4	4
City Clerk	5	5	5	5	5	5	6	6	6	7
Human Resources	3	3	3	4	4	4	4	4	4	4
State Construction Code	11	11	11	14	13	13	13	13	13	13
Ordinance Enforcement	5	5	5	5	5	5	5	5	5	5
Engineering	8	13	13	13	13	13	13	13	13	13
Community Development	3	4	4	4	4	4	4	4	4	4
Planning - Housing	1	1	1	1	1	1	1	1	1	1
Finance	6	7	7	7	7	7	8	8	8	8
Assessing	4	4	4	4	4	4	5	4	4	4
Treasurer / Water Billing	4	5	5	5	6	6	6	6	6	6
Information Technology	4	4	5	5	7	6	6	6	6	6
Subtotal	<u>64</u>	<u>70</u>	<u>71</u>	<u>76</u>	<u>79</u>	<u>78</u>	<u>81</u>	<u>81</u>	<u>81</u>	<u>83</u>
Library	<u>9</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>13</u>	<u>15</u>	<u>17</u>
Public Safety										
Police	97	98	98	98	98	98	98	98	98	99
Fire	56	56	56	56	56	56	56	57	64	64
Subtotal	<u>153</u>	<u>154</u>	<u>154</u>	<u>154</u>	<u>154</u>	<u>154</u>	<u>154</u>	<u>155</u>	<u>162</u>	<u>163</u>
Recreation & Public Services										
Public Service										
Parks & Forestry	7	7	7	7	7	7	8	10	10	10
Building Maintenance	2	2	2	2	2	2	2	3	3	3
Highway	-	2	2	3	3	3	3	2.5	2.5	3
Motor Pool	9	9	9	9	9	9	9	9	9	9
Electrical	-	1	1	1	1	1	1	1	1	1
Solid Waste	14	14	14	15	15	15	15	15	15	15.5
Water Maintenance	7	8	8	8	8	8	8	7.5	7.5	7.5
Water Services	4	4	4	4	4	4	4	4	4	4
Sewer Maintenance	7	7	7	9	9	9	9	10	10	10
Animal Shelter	-	-	-	-	-	-	-	-	1	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	2	2	2	2
Subtotal	<u>56</u>	<u>59</u>	<u>59</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>65</u>	<u>69</u>	<u>70</u>	<u>71</u>
Total	<u>304</u>	<u>320</u>	<u>321</u>	<u>330</u>	<u>335</u>	<u>334</u>	<u>339</u>	<u>348*</u>	<u>362**</u>	<u>370</u>

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