

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**



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## **INTRODUCTORY SECTION**





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

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

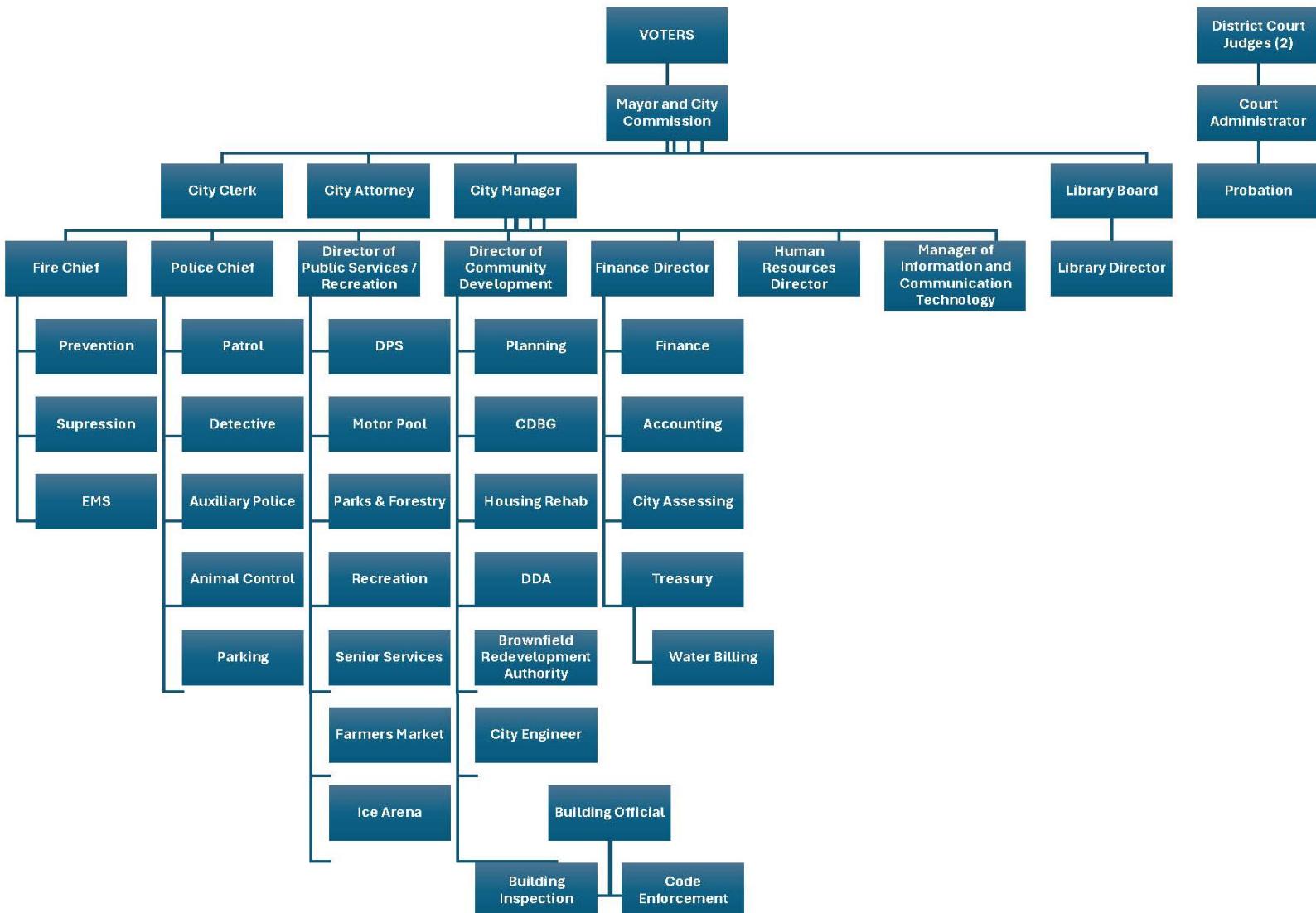
*Christopher P. Morill*

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 Gochowski |
| 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.



📍 675 Robinson Road, Jackson, MI 49203

📞 517.787.6503

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 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.

*Rehmann Loham LLC*

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

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

As management of the City of Royal Oak, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ended June 30, 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           |
| <b>Total assets</b>                       | <b>421,117,618</b>      | <b>376,421,032</b>    | <b>178,173,254</b>       | <b>166,114,013</b>    | <b>599,290,872</b>    | <b>542,535,045</b>    |
| <br><b>Deferred outflows of resources</b> | <br>9,163,464           | <br>12,546,006        | <br>491,528              | <br>840,353           | <br>9,654,992         | <br>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            |
| <b>Total liabilities</b>                  | <b>247,733,056</b>      | <b>268,175,714</b>    | <b>42,607,658</b>        | <b>48,858,439</b>     | <b>290,340,714</b>    | <b>317,034,153</b>    |
| <br><b>Deferred inflows of resources</b>  | <br>5,110,010           | <br>2,204,714         | <br>808,382              | <br>604,713           | <br>5,918,392         | <br>2,809,427         |
| <br>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)         |
| <b>Total net position</b>                 | <b>\$ 177,438,016</b>   | <b>\$ 118,586,610</b> | <b>\$ 135,248,742</b>    | <b>\$ 117,491,214</b> | <b>\$ 312,686,758</b> | <b>\$ 236,077,824</b> |

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*

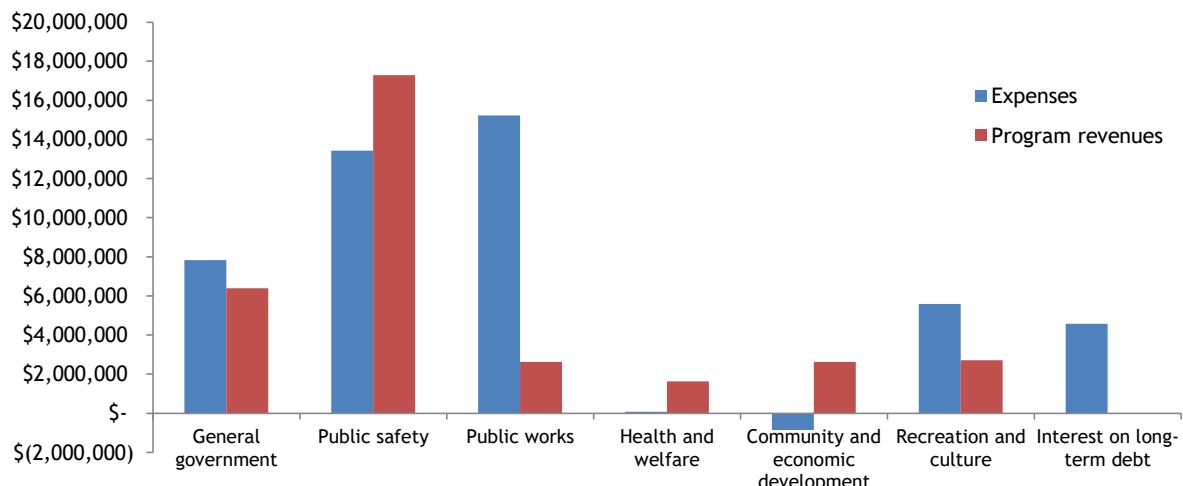
Business-type activities increased the city's net position by \$17,757,528 as compared to a \$3,946,489 increase in the previous year, a difference of \$13,811,039. Once again, the largest portion of this increase is a result of the reduction of the net OPEB liability and the addition of the net OPEB 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                  |
| <b>Program revenues:</b>                        |                         |                       |                          |                       |                       |                       |
| 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             |
| <b>General revenues:</b>                        |                         |                       |                          |                       |                       |                       |
| 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               |
| <b>Total revenues</b>                           | <b>112,074,957</b>      | <b>111,271,959</b>    | <b>44,835,798</b>        | <b>41,186,112</b>     | <b>156,910,755</b>    | <b>152,458,071</b>    |
| <b>Expenses:</b>                                |                         |                       |                          |                       |                       |                       |
| 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               |
| <b>Total expenses</b>                           | <b>45,872,019</b>       | <b>87,954,226</b>     | <b>34,429,802</b>        | <b>36,979,337</b>     | <b>80,301,821</b>     | <b>124,933,563</b>    |
| <b>Change in net position, before transfers</b> |                         |                       |                          |                       |                       |                       |
|   | 66,202,938              | 23,317,733            | 10,405,996               | 4,206,775             | 76,608,934            | 27,524,508            |
| <b>Transfers</b>                                | <b>(7,351,532)</b>      | <b>260,286</b>        | <b>7,351,532</b>         | <b>(260,286)</b>      | <b>-</b>              | <b>-</b>              |
| <b>Change in net position</b>                   | <b>58,851,406</b>       | <b>23,578,019</b>     | <b>17,757,528</b>        | <b>3,946,489</b>      | <b>76,608,934</b>     | <b>27,524,508</b>     |
| <b>Net position:</b>                            |                         |                       |                          |                       |                       |                       |
| Beginning of year                               | 118,586,610             | 95,008,591            | 117,491,214              | 113,544,725           | 236,077,824           | 208,553,316           |
| <b>End of year</b>                              | <b>\$ 177,438,016</b>   | <b>\$ 118,586,610</b> | <b>\$ 135,248,742</b>    | <b>\$ 117,491,214</b> | <b>\$ 312,686,758</b> | <b>\$ 236,077,824</b> |

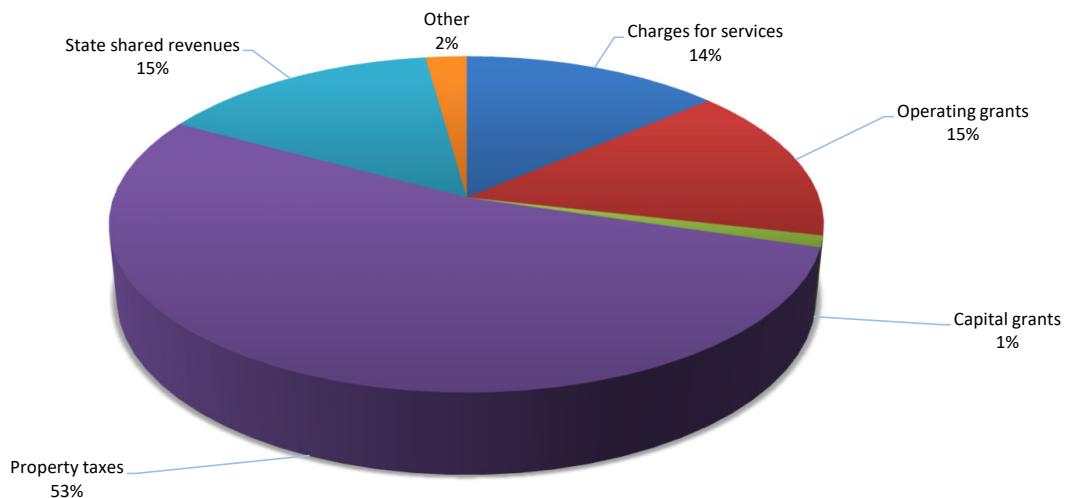
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Expenses and Program Revenues - Governmental Activities



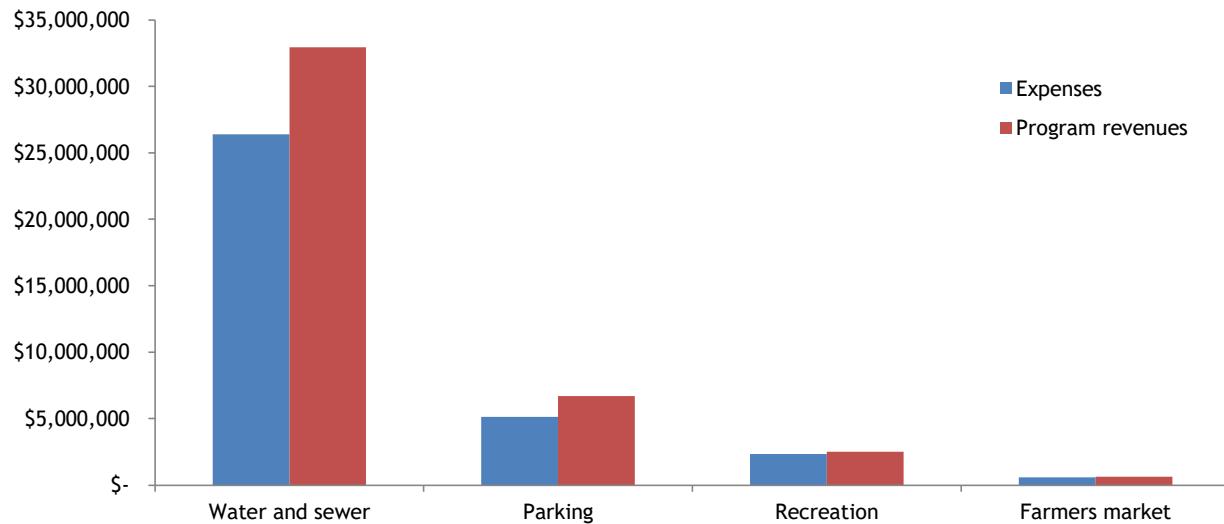
#### Revenues by Source - Governmental Activities



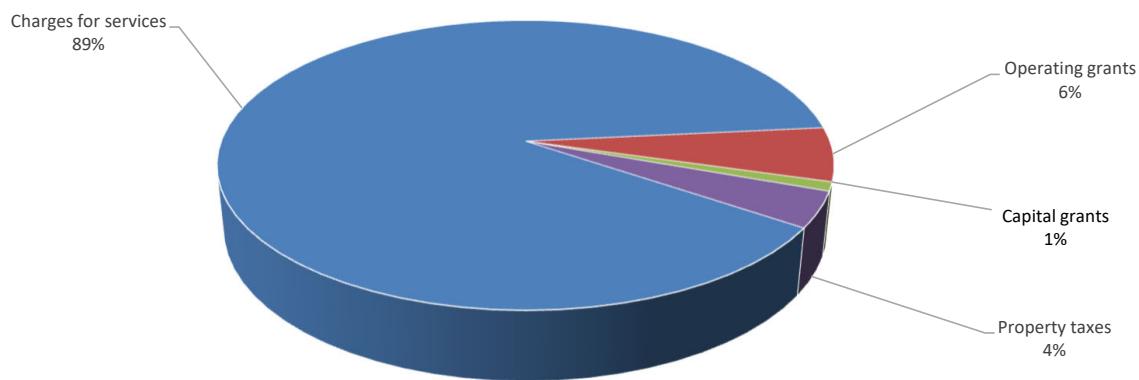
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

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



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



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

As the city completed the fiscal year, its governmental funds reported combined ending fund balances of \$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             |
| <b>Total</b>                      | <b>\$ 279,951,644</b>   | <b>\$ 264,595,785</b> | <b>\$ 151,445,240</b>    | <b>\$ 150,471,732</b> | <b>\$ 431,396,884</b> | <b>\$ 415,067,517</b> |

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

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### *Long-term Debt*

At the end of the current fiscal year, the city had total debt outstanding of \$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      |                          |                       |                     |
|---|-------------------------|--------------------------|-----------------------|---------------------|
|   | Governmental Activities | Business-type Activities | Total                 | Component Units     |
| <b>Assets</b>                                     |                         |                          |                       |                     |
| 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             |
| <b>Total assets</b>                               | <b>421,117,618</b>      | <b>178,173,254</b>       | <b>599,290,872</b>    | <b>3,909,985</b>    |
| <b>Deferred outflows of resources</b>             |                         |                          |                       |                     |
| 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                  |
| <b>Total deferred outflows of resources</b>       | <b>9,163,464</b>        | <b>491,528</b>           | <b>9,654,992</b>      | <b>9,078</b>        |
| <b>Liabilities</b>                                |                         |                          |                       |                     |
| 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             |
| <b>Total liabilities</b>                          | <b>247,733,056</b>      | <b>42,607,658</b>        | <b>290,340,714</b>    | <b>284,064</b>      |
| <b>Deferred inflows of resources</b>              |                         |                          |                       |                     |
| 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             | -                   |
| <b>Total deferred inflows of resources</b>        | <b>5,110,010</b>        | <b>808,382</b>           | <b>5,918,392</b>      | <b>23,950</b>       |
| <b>Net position</b>                               |                         |                          |                       |                     |
| 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           |
| <b>Total net position</b>                         | <b>\$ 177,438,016</b>   | <b>\$ 135,248,742</b>    | <b>\$ 312,686,758</b> | <b>\$ 3,611,049</b> |

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

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2024

| Functions/Programs                    | Expenses                    | Program Revenues            |  |  | Net<br>(Expense)<br>Revenue  |
|---------------------------------------|-----------------------------|-----------------------------|--|--|------------------------------|
|                                       |                             | Charges for<br>Services     | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                              |
| <b>Primary government</b>             |                             |                             |  |  |                              |
| 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<br>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         | <u>45,872,019</u>           | <u>15,347,212</u>           | <u>16,703,116</u>                        | <u>1,235,991</u>                       | <u>(12,585,700)</u>          |
| 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        | <u>34,429,802</u>           | <u>40,166,812</u>           | <u>2,559,103</u>                         | <u>32,602</u>                          | <u>8,328,715</u>             |
| <b>Total primary government</b>       | <u><u>\$ 80,301,821</u></u> | <u><u>\$ 55,514,024</u></u> | <u><u>\$ 19,262,219</u></u>              | <u><u>\$ 1,268,593</u></u>             | <u><u>\$ (4,256,985)</u></u> |
| <b>Component units</b>                |                             |                             |  |  |                              |
| 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)                    |
| <b>Total component units</b>          | <u><u>\$ 7,799,279</u></u>  | <u><u>\$ -</u></u>          | <u><u>\$ 80,254</u></u>                  | <u><u>\$ -</u></u>                     | <u><u>\$ (7,719,025)</u></u> |

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2024

|                                      | Primary Government         |                             |                       |                     | Component<br>Units |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|---------------------|--------------------|
|                                      | Governmental<br>Activities | Business-type<br>Activities | Total                 |                     |                    |
| <b>Changes in net position</b>       |                            |                             |                       |                     |                    |
| 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           |                    |
| <b>Change in net position</b>        |                            |                             |                       |                     |                    |
|                                      | 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           |                    |
| <b>Net position, end of year</b>     | <b>\$ 177,438,016</b>      | <b>\$ 135,248,742</b>       | <b>\$ 312,686,758</b> | <b>\$ 3,611,049</b> |                    |

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 |
|---|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| <b>Assets</b>   |                      |                     |                     |                         |                       |
| 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   | -                    | -                   | -                   | -                       | -                     |
| <b>Total assets</b>   | <b>\$ 21,185,030</b> | <b>\$ 4,781,008</b> | <b>\$ 4,812,349</b> | <b>\$ 16,439,087</b>    | <b>\$ 14,818,901</b>  |
| <b>Liabilities</b>  |                      |                     |                     |                         |                       |
| 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  | -                    | -                   | -                   | -                       | -                     |
| <b>Total liabilities</b>  | <b>6,536,993</b>     | <b>1,404,200</b>    | <b>2,885,715</b>    | <b>39,995</b>           | <b>152,802</b>        |
| <b>Deferred inflows of resources</b>                                      |                      |                     |                     |                         |                       |
| Unavailable revenue   | 46,424               | 654,587             | 7,343               | -                       | -                     |
| Deferred lease amounts  | 2,067,545            | -                   | -                   | -                       | -                     |
| <b>Total deferred inflows of resources</b>                                | <b>2,113,969</b>     | <b>654,587</b>      | <b>7,343</b>        | <b>-</b>                | <b>-</b>              |
| <b>Fund balances</b>  |                      |                     |                     |                         |                       |
| 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           | -                   | -                   | -                       | -                     |
| <b>Total fund balances</b>  | <b>12,534,068</b>    | <b>2,722,221</b>    | <b>1,919,291</b>    | <b>16,399,092</b>       | <b>14,666,099</b>     |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 21,185,030</b> | <b>\$ 4,781,008</b> | <b>\$ 4,812,349</b> | <b>\$ 16,439,087</b>    | <b>\$ 14,818,901</b>  |

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

STATEMENT OF CASH FLOWS

| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>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                       |
| <b><u>\$ 16,508,000</u></b> | <b><u>\$ 78,544,375</u></b> |

|                         |                          |
|-------------------------|--------------------------|
| \$ 2,142,902            | \$ 5,705,355             |
| 199,509                 | 2,407,108                |
| 340,408                 | 340,408                  |
| 2,650                   | 5,252,303                |
| 3,165,987               | 3,165,987                |
| <b><u>5,851,456</u></b> | <b><u>16,871,161</u></b> |

|                       |                         |
|-----------------------|-------------------------|
| 899,133               | 1,607,487               |
| -                     | 2,067,545               |
| <b><u>899,133</u></b> | <b><u>3,675,032</u></b> |

|                         |                          |
|-------------------------|--------------------------|
| 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                |
| -                       | 10,856,720               |
| <b><u>9,757,411</u></b> | <b><u>57,998,182</u></b> |

|                             |                             |
|-----------------------------|-----------------------------|
| <b><u>\$ 16,508,000</u></b> | <b><u>\$ 78,544,375</u></b> |
|-----------------------------|-----------------------------|



## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

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

|  |                       |
|--|-----------------------|
| <b>Fund balances for governmental funds</b>  | \$ 57,998,182         |
| Amounts reported for <i>governmental activities</i> in the statement of net position are different because:  |                       |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.  |                       |
|  |                       |
| Capital assets not being depreciated   | 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             |
| 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   | <u>(2,645,773)</u>    |
| <b>Net position of governmental activities</b>   | <u>\$ 177,438,016</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 Balances

Governmental Funds

For the Year Ended June 30, 2024

|  | General              | Public Safety       | Local Streets       | State Construction Code | City Capital Projects |
|--|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| <b>Revenues</b>  |                      |                     |                     |                         |                       |
| 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                  | -                     |
| <b>Total revenues</b>                                    | <u>51,857,281</u>    | <u>22,333,146</u>   | <u>10,138,592</u>   | <u>2,934,289</u>        | <u>75,636</u>         |
| <b>Expenditures</b>                                      |                      |                     |                     |                         |                       |
| 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             | -                       | -                     |
| <b>Total expenditures</b>                                | <u>21,792,363</u>    | <u>38,355,381</u>   | <u>16,048,777</u>   | <u>1,969,574</u>        | <u>1,211,986</u>      |
| Revenues over (under) expenditures                       | <u>30,064,918</u>    | <u>(16,022,235)</u> | <u>(5,910,185)</u>  | <u>964,715</u>          | <u>(1,136,350)</u>    |
| <b>Other financing sources (uses)</b>                    |                      |                     |                     |                         |                       |
| 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)           |
| <b>Total other financing sources (uses)</b>              | <u>(31,436,695)</u>  | <u>5,930,824</u>    | <u>3,989,488</u>    | <u>(7,500)</u>          | <u>14,373,496</u>     |
| <b>Net change in fund balances</b>                       | <u>(1,371,777)</u>   | <u>(10,091,411)</u> | <u>(1,920,697)</u>  | <u>957,215</u>          | <u>13,237,146</u>     |
| 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            | <u>13,905,845</u>    | <u>12,813,632</u>   | <u>3,839,988</u>    | <u>15,441,877</u>       | <u>1,428,953</u>      |
| <b>Fund balances, end of year</b>                        | <u>\$ 12,534,068</u> | <u>\$ 2,722,221</u> | <u>\$ 1,919,291</u> | <u>\$ 16,399,092</u>    | <u>\$ 14,666,099</u>  |

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

**STATEMENT OF CASH FLOWS**

| <i>(Formerly<br/>Major Fund)</i><br>Grants | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>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                           |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| 24,729,651                                 | 112,068,595                       |                                |
|  |                                   |                                |
| 830,824                                    | 13,830,090                        |                                |
| 330,674                                    | 36,166,697                        |                                |
| 17,936,210                                 | 35,433,610                        |                                |
| -  | 985,290                           |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| 1,182,979                                  | 1,859,284                         |                                |
| 4,116,109                                  | 7,466,598                         |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| 1,810,895                                  | 6,916,898                         |                                |
| 1,700,627                                  | 4,627,932                         |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| 27,908,318                                 | 107,286,399                       |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| (3,178,667)                                | 4,782,196                         |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| 4,057,347                                  | 54,454,235                        |                                |
| (4,280,492)                                | (61,827,767)                      |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| (223,145)                                  | (7,373,532)                       |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| (3,401,812)                                | (2,591,336)                       |                                |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| \$ 1,203,111                               | 13,385,065                        | 60,589,518                     |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| (1,203,111)                                | (225,842)                         | -                              |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| \$ -                                       | 13,159,223                        | 60,589,518                     |
| <hr/>                                      | <hr/>                             | <hr/>                          |
| \$ 9,757,411                               | \$ 57,998,182                     |                                |



## 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

|  |                      |
|--|----------------------|
| <b>Net change in fund balances - total governmental funds</b>  | \$ (2,591,336)       |
| Amounts reported for <i>governmental activities</i> in the statement of activities are different because:  |                      |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/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               |
| 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            |
| 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   | <u>(693,032)</u>     |
| <b>Change in net position of governmental activities</b>   | <u>\$ 58,851,406</u> |

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

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - General Fund

For the Year Ended June 30, 2024

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Actual Over<br>(Under) Final<br>Budget |
|---|----------------------|----------------------|----------------------|--|
| <b>Revenues</b>                             |                      |                      |                      |  |
| 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                                 |
| <b>Total revenues</b>                       | <b>46,439,150</b>    | <b>51,233,498</b>    | <b>51,857,281</b>    | <b>623,783</b>                         |
| <b>Expenditures</b>                         |                      |                      |                      |  |
| 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)                                  |
| <b>Total expenditures</b>                   | <b>23,434,984</b>    | <b>23,383,504</b>    | <b>21,792,363</b>    | <b>(1,591,141)</b>                     |
| Revenues over expenditures                  | 23,004,166           | 27,849,994           | 30,064,918           | 2,214,924                              |
| <b>Other financing sources (uses)</b>       |                      |                      |                      |  |
| Transfers in                                | 40,000               | 485,315              | 485,599              | 284                                    |
| Transfers out                               | (25,906,430)         | (31,962,845)         | (31,922,294)         | (40,551)                               |
| <b>Total other financing sources (uses)</b> | <b>(25,866,430)</b>  | <b>(31,477,530)</b>  | <b>(31,436,695)</b>  | <b>40,835</b>                          |
| <b>Net change in fund balance</b>           | <b>(2,862,264)</b>   | <b>(3,627,536)</b>   | <b>(1,371,777)</b>   | <b>2,255,759</b>                       |
| Fund balance, beginning of year             | 13,905,845           | 13,905,845           | 13,905,845           | -                                      |
| <b>Fund balance, end of year</b>            | <b>\$ 11,043,581</b> | <b>\$ 10,278,309</b> | <b>\$ 12,534,068</b> | <b>\$ 2,255,759</b>                    |

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

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Public Safety Fund

For the Year Ended June 30, 2024

|   | Original<br>Budget   | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|---|----------------------|---------------------|---------------------|--|
| <b>Revenues</b>                             |                      |                     |                     |  |
| 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)                                  |
| <b>Total revenues</b>                       | <b>14,618,390</b>    | <b>21,989,340</b>   | <b>22,333,146</b>   | <b>343,806</b>                         |
| <b>Expenditures</b>                         |                      |                     |                     |  |
| 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                                 |
| <b>Total expenditures</b>                   | <b>38,622,388</b>    | <b>39,470,028</b>   | <b>38,355,381</b>   | <b>(1,114,647)</b>                     |
| Revenues under expenditures                 | (24,003,998)         | (17,480,688)        | (16,022,235)        | 1,458,453                              |
| <b>Other financing sources (uses)</b>       |                      |                     |                     |  |
| Transfers in                                | 23,090,000           | 23,590,000          | 23,590,000          | -                                      |
| Transfers out                               | -                    | (17,659,177)        | (17,659,176)        | (1)                                    |
| <b>Total other financing sources (uses)</b> | <b>23,090,000</b>    | <b>5,930,823</b>    | <b>5,930,824</b>    | <b>1</b>                               |
| <b>Net change in fund balance</b>           | <b>(913,998)</b>     | <b>(11,549,865)</b> | <b>(10,091,411)</b> | <b>1,458,454</b>                       |
| Fund balance, beginning of year             | 12,813,632           | 12,813,632          | 12,813,632          | -                                      |
| <b>Fund balance, end of year</b>            | <b>\$ 11,899,634</b> | <b>\$ 1,263,767</b> | <b>\$ 2,722,221</b> | <b>\$ 1,458,454</b>                    |

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

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2024

|                                   | Original<br>Budget  | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|-----------------------------------|---------------------|---------------------|---------------------|--|
| <b>Revenues</b>                   |                     |                     |                     |  |
| 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                                  |
| <b>Total revenues</b>             | <u>9,899,430</u>    | <u>10,125,040</u>   | <u>10,138,592</u>   | <u>13,552</u>                          |
| <b>Expenditures</b>               |                     |                     |                     |  |
| 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)                                  |
| <b>Total expenditures</b>         | <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)                            |
| <b>Other financing sources</b>    |                     |                     |                     |  |
| Transfers in                      | <u>974,800</u>      | <u>3,324,633</u>    | <u>3,989,488</u>    | <u>664,855</u>                         |
| <b>Net change in fund balance</b> | <u>(4,408,340)</u>  | <u>(1,432,897)</u>  | <u>(1,920,697)</u>  | <u>(487,800)</u>                       |
| Fund balance, beginning of year   | <u>3,839,988</u>    | <u>3,839,988</u>    | <u>3,839,988</u>    | <u>-</u>                               |
| <b>Fund balance, end of year</b>  | <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<br>Budget   | Final<br>Budget      | Actual               | Actual Over<br>(Under) Final<br>Budget |
|------------------------------------|----------------------|----------------------|----------------------|--|
| <b>Revenues</b>                    |                      |                      |                      |  |
| 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                      | <u>30,000</u>        | <u>30,000</u>        | <u>16,956</u>        | <u>(13,044)</u>                        |
| <b>Total revenues</b>              | <b>2,631,200</b>     | <b>3,263,100</b>     | <b>2,934,289</b>     | <b>(328,811)</b>                       |
| <b>Expenditures</b>                |                      |                      |                      |  |
| Current -                          |                      |                      |                      |  |
| Public safety                      | <u>2,331,262</u>     | <u>2,416,062</u>     | <u>1,969,574</u>     | <u>(446,488)</u>                       |
| Revenues over (under) expenditures | 299,938              | 847,038              | 964,715              | 117,677                                |
| <b>Other financing uses</b>        |                      |                      |                      |  |
| Transfers out                      | <u>(5,000)</u>       | <u>(7,500)</u>       | <u>(7,500)</u>       | <u>-</u>                               |
| <b>Net change in fund balance</b>  | <b>294,938</b>       | <b>839,538</b>       | <b>957,215</b>       | <b>117,677</b>                         |
| Fund balance, beginning of year    | <u>15,441,877</u>    | <u>15,441,877</u>    | <u>15,441,877</u>    | <u>-</u>                               |
| <b>Fund balance, end of year</b>   | <b>\$ 15,736,815</b> | <b>\$ 16,281,415</b> | <b>\$ 16,399,092</b> | <b>\$ 117,677</b>                      |

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

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Net Position

Proprietary Funds  
June 30, 2024

|   | Business-type Activities - Enterprise Funds |                           |                           |                       | Governmental Activities |
|---|---|---------------------------|---------------------------|-----------------------|-------------------------|
|   | Water and Sewer                             | Automobile Parking System | Nonmajor Enterprise Funds | Total                 | Internal Service Funds  |
| <b>Assets</b>                                   |   |                           |                           |                       |                         |
| Current assets:                                 |   |                           |                           |                       |                         |
| Cash and investments                            | \$ 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                            | <u>11,810,336</u>                           | <u>3,297,218</u>          | <u>910,741</u>            | <u>16,018,295</u>     | <u>29,443,463</u>       |
| 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                         | <u>105,158,618</u>                          | <u>45,497,954</u>         | <u>5,132,040</u>          | <u>155,788,612</u>    | <u>10,224,040</u>       |
| <b>Total assets</b>                             | <u>116,968,954</u>                          | <u>48,795,172</u>         | <u>6,042,781</u>          | <u>171,806,907</u>    | <u>39,667,503</u>       |
| <b>Deferred outflows of resources</b>           |   |                           |                           |                       |                         |
| 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                      |
| <b>Total deferred outflows of resources</b>     | <u>178,261</u>                              | <u>305,986</u>            | <u>7,281</u>              | <u>491,528</u>        | <u>47,156</u>           |
| <b>Liabilities</b>                              |   |                           |                           |                       |                         |
| 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                       | <u>4,695,457</u>                            | <u>3,199,983</u>          | <u>205,715</u>            | <u>8,101,155</u>      | <u>1,878,353</u>        |
| 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                    | <u>11,803,506</u>                           | <u>21,487,359</u>         | <u>1,215,638</u>          | <u>34,506,503</u>     | <u>7,465,485</u>        |
| <b>Total liabilities</b>                        | <u>16,498,963</u>                           | <u>24,687,342</u>         | <u>1,421,353</u>          | <u>42,607,658</u>     | <u>9,343,838</u>        |
| <b>Deferred inflows of resources</b>            |   |                           |                           |                       |                         |
| Deferred other postemployment benefit amounts   | 190,705                                     | 35,046                    | 18,603                    | 244,354               | 67,338                  |
| Deferred lease amounts                          | -   | 437,418                   | 126,610                   | 564,028               | -                       |
| <b>Total deferred inflows of resources</b>      | <u>190,705</u>                              | <u>472,464</u>            | <u>145,213</u>            | <u>808,382</u>        | <u>67,338</u>           |
| <b>Net position</b>                             |   |                           |                           |                       |                         |
| 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              |
| <b>Total net position</b>                       | <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

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 | \$ <u>135,248,742</u> |
|--|-----------------------|

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  |
|   |   |                           |                           |                       |                         |
| <b>Operating revenues</b>                     |   |                           |                           |                       |                         |
| 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               |
| <b>Total operating revenues</b>               | <b>32,829,485</b>                           | <b>4,249,895</b>          | <b>3,087,432</b>          | <b>40,166,812</b>     | <b>19,448,142</b>       |
| <b>Operating expenses</b>                     |   |                           |                           |                       |                         |
| 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               |
| <b>Total operating expenses</b>               | <b>26,468,567</b>                           | <b>4,301,523</b>          | <b>2,912,289</b>          | <b>33,682,379</b>     | <b>15,875,858</b>       |
| Operating income (loss)                       | 6,360,918                                   | (51,628)                  | 175,143                   | 6,484,433             | 3,572,284               |
| <b>Nonoperating revenues (expenses)</b>       |   |                           |                           |                       |                         |
| 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                  |
| <b>Total nonoperating revenues (expenses)</b> | <b>1,686,311</b>                            | <b>1,551,190</b>          | <b>(8,970)</b>            | <b>3,228,531</b>      | <b>(254,241)</b>        |
| Income before transfers                       | 8,047,229                                   | 1,499,562                 | 166,173                   | 9,712,964             | 3,318,043               |
| <b>Transfers</b>                              |   |                           |                           |                       |                         |
| Transfers in                                  | 3,363,673                                   | 4,132,859                 | -                         | 7,496,532             | 22,000                  |
| Transfers out                                 | (7,500)                                     | -                         | (137,500)                 | (145,000)             | -                       |
| <b>Net transfers</b>                          | <b>3,356,173</b>                            | <b>4,132,859</b>          | <b>(137,500)</b>          | <b>7,351,532</b>      | <b>22,000</b>           |
| <b>Change in net position</b>                 | <b>11,403,402</b>                           | <b>5,632,421</b>          | <b>28,673</b>             | <b>17,064,496</b>     | <b>3,340,043</b>        |
| Net position, beginning of year               | 89,054,145                                  | 18,308,931                | 4,454,823                 | 111,817,899           | 26,963,440              |
| <b>Net position, end of year</b>              | <b>\$ 100,457,547</b>                       | <b>\$ 23,941,352</b>      | <b>\$ 4,483,496</b>       | <b>\$ 128,882,395</b> | <b>\$ 30,303,483</b>    |

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

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Changes in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2024

|  |               |
|--|---------------|
| <b>Change in net position - total enterprise funds</b> | \$ 17,064,496 |
|--|---------------|

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

|   |                      |
|---|----------------------|
| <b>Change in net position of business-type activities</b> | <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  |
|  |   |                           |                           |                     |                         |
| <b>Cash flows from operating activities</b>                                    |   |                           |                           |                     |                         |
| 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)            |
| <b>Net cash provided by operating activities</b>                               | <b>6,915,772</b>                            | <b>607,153</b>            | <b>292,244</b>            | <b>7,815,169</b>    | <b>4,475,369</b>        |
| <b>Cash flows from noncapital financing activities</b>                         |   |                           |                           |                     |                         |
| 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)               |
| <b>Net cash provided by (used in) noncapital financing activities</b>          | <b>4,621,512</b>                            | <b>6,466,338</b>          | <b>(249,633)</b>          | <b>10,838,217</b>   | <b>(555,559)</b>        |
| <b>Cash flows from capital and related financing activities</b>                |   |                           |                           |                     |                         |
| 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                  |
| <b>Net cash provided by (used in) capital and related financing activities</b> | <b>(8,485,974)</b>                          | <b>(3,557,059)</b>        | <b>4,260</b>              | <b>(12,038,773)</b> | <b>(1,608,445)</b>      |
| <b>Cash flows from investing activities</b>                                    |   |                           |                           |                     |                         |
| Interest received on investments   | 71,556                                      | 60,616                    | 40,377                    | 172,549             | -                       |
| <b>Net change in cash and investments</b>                                      | <b>3,122,866</b>                            | <b>3,577,048</b>          | <b>87,248</b>             | <b>6,787,162</b>    | <b>2,311,365</b>        |
| Cash and investments balances, beginning of year                               | (1,971,805)                                 | (312,747)                 | 777,452                   | (1,507,100)         | 24,688,771              |
| <b>Cash and investments balances, end of year</b>                              | <b>\$ 1,151,061</b>                         | <b>\$ 3,264,301</b>       | <b>\$ 864,700</b>         | <b>\$ 5,280,062</b> | <b>\$ 27,000,136</b>    |

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  |  |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |   |                           |                           |                     |                         |  |
| 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)            | -                       |  |
| <b>Net cash provided by operating activities</b>   | <b>\$ 6,915,772</b>                         | <b>\$ 607,153</b>         | <b>\$ 292,244</b>         | <b>\$ 7,815,169</b> | <b>\$ 4,475,369</b>     |  |
| <b>Noncash capital and related financing activities</b>  |   |                           |                           |                     |                         |  |
| Change in accounts payable related to capital asset additions                                  | \$ (26,439)                                 | \$ (62,511)               | \$ -                      | \$ -                | \$ -                    |  |

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<br>Other Employee<br>Benefit Trust<br>Funds | Custodial<br>Funds |
|--|---|--------------------|
| <b>Assets</b>                                    |   |                    |
| 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                                      | <u>123,712</u>  | <u>-</u>           |
| <b>Total assets</b>                              | <u>320,209,417</u>                                      | <u>290,073</u>     |
| <b>Liabilities</b>                               |   |                    |
| Accounts payable                                 | 273,067   | -                  |
| Undistributed receipts                           | -   | 145,102            |
| Due to City of Berkley                           | -   | 12,259             |
| Due to other governmental units                  | -   | 30                 |
| Bonds and deposits                               | <u>-</u>  | <u>81,412</u>      |
| <b>Total liabilities</b>                         | <u>273,067</u>  | <u>238,803</u>     |
| <b>Net position</b>                              |   |                    |
| Restricted for:                                  |   |                    |
| Pension benefits                                 | 161,883,131   | -                  |
| Other postemployment benefits                    | 158,053,219   | -                  |
| Individuals, organizations and other governments | <u>-</u>  | <u>51,270</u>      |
| <b>Total net position</b>                        | <u>\$ 319,936,350</u>                                   | <u>\$ 51,270</u>   |

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

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2024

|   | Pension and<br>Other Employee<br>Benefit Trust<br>Funds | Custodial<br>Funds       |
|---|---|--------------------------|
| <b>Additions</b>                        |   |                          |
| 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                | 1,879,999   | -                        |
| 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>         |
| <b>Total additions</b>                  | <b><u>47,749,111</u></b>                                | <b><u>93,703,546</u></b> |
| <b>Deductions</b>                       |   |                          |
| 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>         |
| <b>Total deductions</b>                 | <b><u>26,745,332</u></b>                                | <b><u>93,888,997</u></b> |
| <b>Change in net position</b>           | <b>21,003,779</b>                                       | <b>(185,451)</b>         |
| Net position, beginning of year         | <u>298,932,571</u>                                      | <u>236,721</u>           |
| <b>Net position, end of year</b>        | <b><u>\$ 319,936,350</u></b>                            | <b><u>\$ 51,270</u></b>  |

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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2024

|  | Tax<br>Increment<br>Financing<br>Authority | Downtown<br>Development<br>Authority | Brownfield<br>Redevelopment<br>Authority | Total               |
|--|--|--------------------------------------|--|---------------------|
| <b>Assets</b>  |  |                                      |  |                     |
| 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             |
| <b>Total assets</b>                                  | <b>3,199,059</b>                           | <b>277,750</b>                       | <b>433,176</b>                           | <b>3,909,985</b>    |
| <b>Deferred outflows of resources</b>                |  |                                      |  |                     |
| Deferred pension amounts                             | 5,081                                      | 3,967                                | -  | 9,048               |
| Deferred other postemployment<br>benefit amounts     | 17   | 13                                   | -  | 30                  |
| <b>Total deferred outflows of resources</b>          | <b>5,098</b>                               | <b>3,980</b>                         | <b>-</b>                                 | <b>9,078</b>        |
| <b>Liabilities</b>                                   |  |                                      |  |                     |
| 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<br>more than one year) | 63,259                                     | 49,394                               | -  | 112,653             |
| <b>Total liabilities</b>                             | <b>210,726</b>                             | <b>61,703</b>                        | <b>11,635</b>                            | <b>284,064</b>      |
| <b>Deferred inflows of resources</b>                 |  |                                      |  |                     |
| Deferred other postemployment<br>benefit amounts     | 13,578                                     | 10,372                               | -  | 23,950              |
| <b>Net position</b>                                  |  |                                      |  |                     |
| Investment in capital assets                         | 1,145,018                                  | -                                    | -  | 1,145,018           |
| Restricted for other<br>postemployment benefits      | 199,610                                    | 152,488                              | -  | 352,098             |
| Unrestricted   | 1,635,225                                  | 57,167                               | 421,541                                  | 2,113,933           |
| <b>Total net position</b>                            | <b>\$ 2,979,853</b>                        | <b>\$ 209,655</b>                    | <b>\$ 421,541</b>                        | <b>\$ 3,611,049</b> |

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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended June 30, 2024

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

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



## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

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

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

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

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

### *Fiduciary Component Units*

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

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

### **Joint Ventures**

The City is a member of the Southeastern Oakland County Resource Recovery Authority, which consists of 14 municipalities in Oakland County and provides refuse collection and disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 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 noncancelable 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 noncancelable 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 noncancelable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

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

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

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

# 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<br>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<br>Government | Component<br>Units  | Totals                |
|--|-----------------------|---------------------|-----------------------|
| <b>Statement of Net Position</b>                                       |                       |                     |                       |
| 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>    |
| <b>Statement of Fiduciary Net Position</b>                             |                       |                     |                       |
| 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>    |
| <b>Total</b>   | <b>\$ 419,687,613</b> | <b>\$ 2,172,690</b> | <b>\$ 421,860,303</b> |
| <b>Deposits and investments</b>  |                       |                     |                       |
| 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   |                       |                     | 4,851                 |
| <b>Total</b>   | <b>\$ 421,860,303</b> |                     |                       |

## 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                              |
| <br>Total                   | <br><u>\$ 66,830,228</u> |                                   |

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

|                  | Investment maturities (fair value by years) |                      |                     |             |
|------------------|---|----------------------|---------------------|-------------|
|                  | Fair Value                                  | 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  | <u>1,250,199</u>                            | <u>496,571</u>       | <u>753,628</u>      | <u>-</u>    |
|                  | <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             |
| <b>Total investments at fair value</b>   | <b>\$ 292,528,743</b> | <b>\$ 18,721,292</b> | <b>\$ 3,005,010</b> | <b>314,255,045</b>    |
| <b>Investments measured at NAV</b>       |                       |                      |                     |                       |
| Michigan CLASS investment pool           |                       |                      |                     | 33,059,942            |
| SEI structured credit fund               |                       |                      |                     | 14,128,133            |
| SEI core property collective fund        |                       |                      |                     | 12,690,569            |
| <b>Total investments measured at NAV</b> |                       |                      |                     | <b>59,878,644</b>     |
| <b>Total investments</b>                 |                       |                      |                     | <b>\$ 374,133,689</b> |

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

At June 30, 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                     |
| <b>Total</b>                      | <b>\$ 59,878,644</b> | <b>\$ -</b>          |                                   |                          |

## 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      |                      |                     |                          |                     | Nonmajor<br>Governmental<br>Funds |
|--------------------------------|-------------------|----------------------|---------------------|--------------------------|---------------------|-----------------------------------|
|                                | General           | Public<br>Safety     | Local<br>Streets    | City Capital<br>Projects |                     |                                   |
| 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<br>governmental funds | 286               | -                    | 3,900,629           | 322,920                  | 39,147              |                                   |
| Water and sewer fund           | -                 | -                    | -                   | -                        | 7,500               |                                   |
| Nonmajor enterprise<br>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             |                                 |                              |                      | Total |
|--------------------------------|--------------------------|---------------------------------|------------------------------|----------------------|-------|
|                                | Water<br>& Sewer<br>Fund | Automobile<br>Parking<br>System | Internal<br>Service<br>Funds |                      |       |
| 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<br>governmental funds | 17,510                   | -                               | -                            | 4,280,492            |       |
| Water and sewer fund           | -                        | -                               | -                            | 7,500                |       |
| Nonmajor enterprise<br>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        |
|---|-----------------------|----------------------|--------------------|---------------------|-----------------------|
| <b>Governmental Activities</b>                        |                       |                      |                    |                     |                       |
| 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>    |
| <b>Governmental activities capital assets, net</b>    |                       |                      |                    |                     |                       |
|   | <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<br>Balance  | Additions          | Disposals   | Transfers          | Ending<br>Balance     |
|---|-----------------------|--------------------|-------------|--------------------|-----------------------|
| <b>Business-type Activities</b>                         |                       |                    |             |                    |                       |
| 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<br>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<br>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<br>being depreciated, net          | 134,568,677           | (5,016,533)        | -           | 4,300,468          | 133,852,612           |
| <b>Business-type activities<br/>capital assets, net</b> | <b>\$ 150,471,732</b> | <b>\$ 977,768</b>  | <b>\$ -</b> | <b>\$ (4,260)</b>  | <b>\$ 151,445,240</b> |

# 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

\$ 7,814,083

### 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

\$ 5,016,533

### 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<br>to Date     | Remaining<br>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<br>Balance | Additions          | Disposals   | Ending<br>Balance   |
|--|----------------------|--------------------|-------------|---------------------|
| <b>Component Unit - TIFA</b>                   |                      |                    |             |                     |
| Capital assets, not being depreciated -        |                      |                    |             |                     |
| Land   | \$ 842,975           | \$ -               | \$ -        | \$ 842,975          |
| Capital assets, being depreciated:             |                      |                    |             |                     |
| Improvements other                             |                      |                    |             |                     |
| than buildings                                 | 1,525,821            | -                  | -           | 1,525,821           |
| Infrastructure                                 | 381,083              | -                  | -           | 381,083             |
|  | <u>1,906,904</u>     | <u>-</u>           | <u>-</u>    | <u>1,906,904</u>    |
| Less accumulated depreciation for:             |                      |                    |             |                     |
| Improvements other                             |                      |                    |             |                     |
| than buildings                                 | (1,166,812)          | (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<br>being depreciated, net | <u>359,009</u>       | <u>(56,966)</u>    | <u>-</u>    | <u>302,043</u>      |
| <b>Component unit - TIFA</b>                   |                      |                    |             |                     |
| <b>capital assets, net</b>                     | <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 |
|--|-----------------------|---------------------|------------------------|-----------------------|---------------------|
| <b>Governmental Activities</b>                     |                       |                     |                        |                       |                     |
| 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             |
| <b>Total governmental activities</b>               | <b>\$ 126,305,411</b> | <b>\$ 3,714,802</b> | <b>\$ (10,351,611)</b> | <b>\$ 119,668,602</b> | <b>\$ 8,664,123</b> |
| <b>Business-type Activities</b>                    |                       |                     |                        |                       |                     |
| 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             |
| <b>Total business-type activities</b>              | <b>\$ 43,377,514</b>  | <b>\$ 130,740</b>   | <b>\$ (5,868,938)</b>  | <b>\$ 37,639,316</b>  | <b>\$ 4,254,588</b> |
| <b>Component Units</b>                             |                       |                     |                        |                       |                     |
| Compensated absences                               | \$ 9,601              | \$ 10,120           | \$ (3,879)             | \$ 15,842             | \$ 8,000            |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$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>     |
| <b>Total governmental activities bonds payable</b>   | <u>\$ 111,007,681</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                         | 11,805,000              |
|  | <hr/> <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>              |
| <b>Total business-type activities bonds payable and contractual obligations</b>   | <b><u>\$ 37,125,306</u></b> |

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

| Year<br>Ended<br>June 30, | Governmental Activities |                      |                      | Business-type Activities |                   |                  |  | Notes from Direct Borrowings<br>and Direct Placements |  |  |  |
|---------------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------|------------------|--|---|--|--|--|
|                           | Bonds Payable           |                      | Bonds Payable        |                          |                   |                  |  |   |  |  |  |
|                           | 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.

| Asset Type        | Remaining Term of Agreements |
|-------------------|------------------------------|
| 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<br>June 30, | Principal               | Interest               |
|------------------------|-------------------------|------------------------|
| 2025                   | \$ 12,638               | \$ 862                 |
| 2026                   | 9,426                   | 574                    |
| 2027                   | <u>9,709</u>            | <u>291</u>             |
| <b>Total</b>           | <b><u>\$ 31,773</u></b> | <b><u>\$ 1,727</u></b> |

**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.

| Asset Type         | Remaining Term of Agreements |
|--------------------|------------------------------|
| 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.

| Asset Type   | Remaining Term of Arrangements |                         |
|--|--------------------------------|-------------------------|
| 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  | <u>204,144</u>                 | <u>12,577</u>           |
| <b>Total</b>   | <b><u>\$ 761,231</u></b>       | <b><u>\$ 86,878</u></b> |

### 11. RISK MANAGEMENT

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

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

The City has a \$500,000 per occurrence self-insured retention for liability claims and \$15,000,000 per occurrence of excess liability insurance coverage. Coverage limits, retentions and deductibles for other types of coverage vary. All coverage is on an occurrence basis except for a stop loss policy which is on a claims paid basis. The stop loss policy limits the maximum total self-insured retention payments in any one fiscal year to \$750,000. Settlements have not exceeded coverages for each of the past three fiscal years.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

Changes in the reported liability for the fiscal years 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>        |
| <br>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           | 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.<br>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.<br>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

### 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%                                 |
| <b>Investment rate of return</b> |                   |  | <b>7.25%</b>                           |

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

|   | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability<br>(a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| Balances at June 30, 2023                                     | \$ 259,764,525                 | \$ 154,693,172                     | \$ 105,071,353                     |
| 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>                   |
| <b>Balances at June 30, 2024</b>                              | <b>\$ 272,807,158</b>          | <b>\$ 161,883,131</b>              | <b>\$ 110,924,027</b>              |

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>               |
| <b>Total net pension liability</b> | <b><u>\$ 110,924,027</u></b> |

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<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(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<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|----------------------------------|---|
| Difference between expected and<br>actual experience                                | \$ 3,189,941                         | \$ -                             | \$ 3,189,941  |
| Changes in assumptions  | 6,049,352                            | -                                | 6,049,352   |
| Net difference between projected and actual<br>earnings on pension plan investments | -                                    | 329,354                          | (329,354)   |
| <b>Total</b>  | <b>\$ 9,239,293</b>                  | <b>\$ 329,354</b>                | <b>\$ 8,909,939</b>                                   |

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

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

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

*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>         |
| <b>Total membership</b>                                       | <b><u>537</u></b> |

## 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.<br>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.<br>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.<br>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><u>100.00%</u></u> |  | 4.87%                         |
| Inflation                        |                       |  | 2.46%                         |
| Risk adjustments                 |                       |  | -0.08%                        |
| <b>Investment rate of return</b> |                       |  | <b>7.25%</b>                  |

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

|  | Total OPEB Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net OPEB (Asset) Liability<br>(a) - (b) |
|--|-----------------------------|------------------------------------|---|
| Balances at June 30, 2023                          | \$ 155,013,081              | \$ 144,239,399                     | \$ 10,773,682                           |
| 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  | (40,789,055)                | 13,813,820                         | (54,602,875)                            |
| <b>Balances at June 30, 2024</b>                   | <b>\$ 114,224,026</b>       | <b>\$ 158,053,219</b>              | <b>\$ (43,829,193)</b>                  |

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             | 352,098              |
| <b>Total net OPEB asset</b> | <b>\$ 43,829,193</b> |

## 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<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(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<br>(6.50%<br>Decreasing to<br>2.50%) | Healthcare Cost<br>Trend Rates<br>(7.50%<br>Decreasing to<br>3.50%) | 1% Increase<br>(8.50%<br>Decreasing to<br>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<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|--|--------------------------------------|----------------------------------|---|
| Difference between expected and<br>actual experience                             | \$ -                                 | \$ 2,664                         | \$ (2,664)  |
| Changes in assumptions   | 3,827                                | -                                | 3,827   |
| Net difference between projected and actual<br>earnings on OPEB plan investments | -                                    | 2,978,751                        | (2,978,751)   |
| <b>Total</b>   | <b>\$ 3,827</b>                      | <b>\$ 2,981,415</b>              | <b>\$ (2,977,588)</b>                                 |

## 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<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|--------------------------|--------------------------------------|----------------------------------|---|
| Governmental activities  | \$ 3,483                             | \$ 2,713,111                     | \$ (2,709,628)  |
| Business-type activities | 314                                  | 244,354                          | (244,040)   |
| Component units          | <u>30</u>                            | <u>23,950</u>                    | <u>(23,920)</u>                                       |
| <b>Total</b>             | <b>\$ 3,827</b>                      | <b>\$ 2,981,415</b>              | <b>\$ (2,977,588)</b>                                 |

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

| Year Ended<br>June 30, | Amount                       |
|------------------------|------------------------------|
| 2025                   | \$ (2,575,370)               |
| 2026                   | 2,862,007                    |
| 2027                   | (1,828,098)                  |
| 2028                   | <u>(1,436,127)</u>           |
| <b>Total</b>           | <b><u>\$ (2,977,588)</u></b> |

*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<br>Trust Fund | Retiree Health<br>Trust Fund | Total                 |
| <b>Assets</b>                 |                       |                              |                       |
| 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               |
| <b>Total assets</b>           | <u>162,086,060</u>    | <u>158,123,357</u>           | <u>320,209,417</u>    |
| <b>Liabilities</b>            |                       |                              |                       |
| Accounts payable              | 202,929               | 70,138                       | 273,067               |
| <b>Net position</b>           |                       |                              |                       |
| Restricted for:               |                       |                              |                       |
| Employees' pension benefits   | 161,883,131           | -                            | 161,883,131           |
| Other postemployment benefits | -                     | 158,053,219                  | 158,053,219           |
| <b>Total net position</b>     | <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<br>Trust Fund | Retiree Health<br>Trust Fund | Total                 |
| <b>Additions</b>                        |                       |                              |                       |
| Contributions:                          |                       |                              |                       |
| Employer                                | \$ 9,139,170          | \$ 1,521,253                 | \$ 10,660,423         |
| Plan members                            | 997,090               | -                            | 997,090               |
| Employee service purchases              | 37,746                | -                            | 37,746                |
| <b>Total contributions</b>              | <b>10,174,006</b>     | <b>1,521,253</b>             | <b>11,695,259</b>     |
| 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               |
| <b>Total investment income</b>          | <b>19,120,739</b>     | <b>18,813,112</b>            | <b>37,933,851</b>     |
| Less investment expense                 | 853,737               | 1,026,262                    | 1,879,999             |
| <b>Net investment income</b>            | <b>18,267,002</b>     | <b>17,786,850</b>            | <b>36,053,852</b>     |
| <b>Total additions</b>                  | <b>28,441,008</b>     | <b>19,308,103</b>            | <b>47,749,111</b>     |
| <b>Deductions</b>                       |                       |                              |                       |
| 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                |
| <b>Total deductions</b>                 | <b>21,251,049</b>     | <b>5,494,283</b>             | <b>26,745,332</b>     |
| <b>Change in net position</b>           | <b>7,189,959</b>      | <b>13,813,820</b>            | <b>21,003,779</b>     |
| Net position, beginning of year         | 154,693,172           | 144,239,399                  | 298,932,571           |
| <b>Net position, end of year</b>        | <b>\$ 161,883,131</b> | <b>\$ 158,053,219</b>        | <b>\$ 319,936,350</b> |

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 16. DEFINED CONTRIBUTION PENSION PLAN

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

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

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

*Plan Description and Funding Requirements.* The Defined Contribution Plan is established by the City and administered by ICMA-RC (International City/County Management Association - Retirement Corporation), for new hire members of the City's six bargaining groups listed above. On June 30, 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     |
|---|-------------------------|--------------------------|---------------------|
| <b>Capital assets:</b>                          |                         |                          |                     |
| Capital assets not being depreciated/amortized  | \$ 93,224,769           | \$ 17,592,628            | \$ 842,975          |
| Capital assets being depreciated/amortized, net | <u>186,726,875</u>      | <u>133,852,612</u>       | <u>302,043</u>      |
|   | <u>279,951,644</u>      | <u>151,445,240</u>       | <u>1,145,018</u>    |
| <b>Related debt:</b>                            |                         |                          |                     |
| 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>            |
| <b>Net investment in capital assets</b>         | <b>\$ 245,244,364</b>   | <b>\$ 124,525,508</b>    | <b>\$ 1,145,018</b> |

#### 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<br>Governmental<br>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 -                     | (1,203,111)  | 1,203,111                         |
| Grants special revenue fund                              |              |                                   |
| Change from nonmajor to major fund -                     |              |                                   |
| City capital projects fund                               | <u>-</u>     | <u>(1,428,953)</u>                |
| 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.



## **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                 |
| <b>Change in total pension liability</b>                                   |                            |                       |                       |                      |
| 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  | -                          | -                     | -                     | -                    |
| <b>Net change in total pension liability</b>                               | <b>13,042,633</b>          | <b>3,647,581</b>      | <b>4,345,985</b>      | <b>4,304,487</b>     |
| <b>Total pension liability, beginning</b>                                  | <b>259,764,525</b>         | <b>256,116,944</b>    | <b>251,770,959</b>    | <b>247,466,472</b>   |
| <b>Total pension liability, ending (a)</b>                                 | <b>272,807,158</b>         | <b>259,764,525</b>    | <b>256,116,944</b>    | <b>251,770,959</b>   |
| <b>Change in plan fiduciary net position</b>                               |                            |                       |                       |                      |
| 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)             |
| <b>Net change in plan fiduciary net position</b>                           | <b>7,189,959</b>           | <b>3,012,537</b>      | <b>(30,721,257)</b>   | <b>32,457,954</b>    |
| <b>Plan fiduciary net position, beginning</b>                              | <b>154,693,172</b>         | <b>151,680,635</b>    | <b>182,401,892</b>    | <b>149,943,938</b>   |
| <b>Plan fiduciary net position, ending (b)</b>                             | <b>161,883,131</b>         | <b>154,693,172</b>    | <b>151,680,635</b>    | <b>182,401,892</b>   |
| <b>City's net pension liability, ending (a)-(b)</b>                        | <b>\$ 110,924,027</b>      | <b>\$ 105,071,353</b> | <b>\$ 104,436,309</b> | <b>\$ 69,369,067</b> |
| 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,**

| <b>2020</b>          | <b>2019</b>          | <b>2018</b>          | <b>2017</b>          | <b>2016</b>          | <b>2015</b>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 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            |
| <u>244,328,493</u>   | <u>219,772,832</u>   | <u>216,591,581</u>   | <u>210,669,256</u>   | <u>206,080,854</u>   | <u>202,772,124</u>   |
| <u>247,466,472</u>   | <u>244,328,493</u>   | <u>219,772,832</u>   | <u>216,591,581</u>   | <u>210,669,256</u>   | <u>206,080,854</u>   |
| <br>8,575,466        | <br>6,125,484        | <br>5,878,213        | <br>28,605,368       | <br>7,034,692        | <br>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)          |
| <u>154,305,575</u>   | <u>156,198,592</u>   | <u>154,970,885</u>   | <u>124,994,849</u>   | <u>136,325,204</u>   | <u>139,312,849</u>   |
| <u>149,943,938</u>   | <u>154,305,575</u>   | <u>156,198,592</u>   | <u>154,970,885</u>   | <u>124,994,849</u>   | <u>136,325,204</u>   |
| <u>\$ 97,522,534</u> | <u>\$ 90,022,918</u> | <u>\$ 63,574,240</u> | <u>\$ 61,620,696</u> | <u>\$ 85,674,407</u> | <u>\$ 69,755,650</u> |
| <br>60.59%           | <br>63.15%           | <br>71.07%           | <br>71.55%           | <br>59.33%           | <br>66.15%           |
| <br>\$ 18,916,060    | <br>\$ 18,517,659    | <br>\$ 18,885,808    | <br>\$ 16,079,024    | <br>\$ 15,845,062    | <br>\$ 15,391,242    |
| <br>515.55%          | <br>486.15%          | <br>336.62%          | <br>383.24%          | <br>540.70%          | <br>453.22%          |

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System Schedule of Contributions

| Fiscal Year<br>Ending<br>June 30, | Actuarially<br>Determined<br>Contribution | Contributions in<br>Relation to the<br>Actuarially<br>Determined<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contributions as<br>Percentage of<br>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<br>Ending<br>June 30, | Annual<br>Return <sup>(1)</sup> |
|-----------------------------------|---------------------------------|
| 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%                          |

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

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

Other Postemployment Benefits Plan

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

|   | Fiscal Year Ended June 30,    |                             |                             |                              |
|---|-------------------------------|-----------------------------|-----------------------------|------------------------------|
|   | 2024                          | 2023                        | 2022                        | 2021                         |
| <b>Total OPEB liability</b>   |                               |                             |                             |                              |
| 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   | -                             | -                           | -                           | -                            |
| <b>Net change in total OPEB liability</b>                           | <u>(40,789,055)</u>           | <u>5,353,411</u>            | <u>1,922,018</u>            | <u>5,798,127</u>             |
| Total OPEB liability, beginning of year                             | <u>155,013,081</u>            | <u>149,659,670</u>          | <u>147,737,652</u>          | <u>141,939,525</u>           |
| <b>Total OPEB liability, end of year</b>                            | <u>114,224,026</u>            | <u>155,013,081</u>          | <u>149,659,670</u>          | <u>147,737,652</u>           |
| <b>Plan fiduciary net position</b>                                  |                               |                             |                             |                              |
| 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)                     |
| <b>Net change in plan fiduciary net position</b>                    | <u>13,813,820</u>             | <u>5,717,231</u>            | <u>(18,252,043)</u>         | <u>29,545,334</u>            |
| Plan fiduciary net position, beginning of year                      | <u>144,239,399</u>            | <u>138,522,168</u>          | <u>156,774,211</u>          | <u>127,228,877</u>           |
| <b>Plan fiduciary net position, end of year</b>                     | <u>158,053,219</u>            | <u>144,239,399</u>          | <u>138,522,168</u>          | <u>156,774,211</u>           |
| <b>Net OPEB liability (asset)</b>                                   | <u><b>\$ (43,829,193)</b></u> | <u><b>\$ 10,773,682</b></u> | <u><b>\$ 11,137,502</b></u> | <u><b>\$ (9,036,559)</b></u> |
| 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,**

| <b>2020</b>          | <b>2019</b>         | <b>2018</b>           | <b>2017</b>           |
|----------------------|---------------------|-----------------------|-----------------------|
| \$ 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                   | -                     |
| <u>2,556,893</u>     | <u>13,592,047</u>   | <u>1,922,967</u>      | <u>2,358,890</u>      |
| <u>139,382,632</u>   | <u>125,790,585</u>  | <u>123,867,618</u>    | <u>121,508,728</u>    |
| <u>141,939,525</u>   | <u>139,382,632</u>  | <u>125,790,585</u>    | <u>123,867,618</u>    |
| 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)              |
| <u>(5,513,299)</u>   | <u>(5,475)</u>      | <u>423,947</u>        | <u>115,455,262</u>    |
| <u>132,742,176</u>   | <u>132,747,651</u>  | <u>132,323,704</u>    | <u>16,868,442</u>     |
| <u>127,228,877</u>   | <u>132,742,176</u>  | <u>132,747,651</u>    | <u>132,323,704</u>    |
| <u>\$ 14,710,648</u> | <u>\$ 6,640,456</u> | <u>\$ (6,957,066)</u> | <u>\$ (8,456,086)</u> |
| 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.<br>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.<br>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<br>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<br>Ending<br>June 30, | Annual<br>Return <sup>(1)</sup> |
|-----------------------------------|---------------------------------|
| 2017                              | 5.73%                           |
| 2018                              | 5.52%                           |
| 2019                              | 5.09%                           |
| 2020                              | 0.71%                           |
| 2021                              | 29.40%                          |
| 2022                              | -7.87%                          |
| 2023                              | 8.87%                           |
| 2024                              | 12.51%                          |

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

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



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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

|   | Special Revenue Funds |                     |                                   |                 |
|---|-----------------------|---------------------|-----------------------------------|-----------------|
|   | Major Streets         | Solid Waste         | Community Development Block Grant | Publicity       |
| <b>Assets</b>   |                       |                     |                                   |                 |
| 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   | -                     | -                   | -                                 | -               |
| <b>Total assets</b>   | <b>\$ 3,789,458</b>   | <b>\$ 3,124,373</b> | <b>\$ 2,974,237</b>               | <b>\$ 5,372</b> |
| <b>Liabilities</b>  |                       |                     |                                   |                 |
| 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                         | -               |
| <b>Total liabilities</b>  | <b>1,312,967</b>      | <b>571,629</b>      | <b>2,974,237</b>                  | <b>156</b>      |
| <b>Deferred inflows of resources</b>                                      |                       |                     |                                   |                 |
| Unavailable revenue   | 6,847                 | 17,125              | -                                 | 48              |
| <b>Fund balances</b>  |                       |                     |                                   |                 |
| Nonspendable:   |                       |                     |                                   |                 |
| Prepaid items   | 13,292                | -                   | -                                 | -               |
| Inventories   | 221,702               | -                   | -                                 | -               |
| Endowment   | -                     | -                   | -                                 | -               |
| Restricted  | 2,234,650             | 2,535,619           | -                                 | 5,168           |
| <b>Total fund balances</b>  | <b>2,469,644</b>      | <b>2,535,619</b>    | <b>-</b>                          | <b>5,168</b>    |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 3,789,458</b>   | <b>\$ 3,124,373</b> | <b>\$ 2,974,237</b>               | <b>\$ 5,372</b> |

| Special Revenue Funds         |                     |                   |                     |                     |                         |  |  |  |  |
|-------------------------------|---------------------|-------------------|---------------------|---------------------|-------------------------|--|--|--|--|
| Senior<br>Citizens<br>Program | Library<br>Millage  | Donations         | Indigent<br>Defense | Grants              | Debt<br>Service<br>Fund |  |  |  |  |
| \$ 1,127,330                  | \$ 1,587,377        | \$ 446,664        | \$ 229,003          | \$ 2,212,589        | \$ 16,782               |  |  |  |  |
| 46,788                        | 3,396               | -                 | -                   | 8,078               | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | 18,455              | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| <hr/>                         | <hr/>               | <hr/>             | <hr/>               | <hr/>               | <hr/>                   |  |  |  |  |
| <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>        |  |  |  |  |
| <br>                          | <br>                | <br>              | <br>                | <br>                | <br>                    |  |  |  |  |
| \$ 18,968                     | \$ 40,210           | \$ 13,551         | \$ 145,623          | \$ 12,019           | \$ -                    |  |  |  |  |
| 11,990                        | 37,687              | -                 | -                   | 2,645               | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | 2,650               | -                       |  |  |  |  |
| <u>200,247</u>                | <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>503,789</u>      | <u>-</u>                |  |  |  |  |
| <br>                          | <br>                | <br>              | <br>                | <br>                | <br>                    |  |  |  |  |
| <u>231,205</u>                | <u>77,897</u>       | <u>13,551</u>     | <u>145,623</u>      | <u>521,103</u>      | <u>-</u>                |  |  |  |  |
| <br>                          | <br>                | <br>              | <br>                | <br>                | <br>                    |  |  |  |  |
| <u>408</u>                    | <u>3,396</u>        | <u>-</u>          | <u>-</u>            | <u>-</u>            | <u>-</u>                |  |  |  |  |
| <br>                          | <br>                | <br>              | <br>                | <br>                | <br>                    |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| -                             | -                   | -                 | -                   | -                   | -                       |  |  |  |  |
| <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>           |  |  |  |  |
| <br>                          | <br>                | <br>              | <br>                | <br>                | <br>                    |  |  |  |  |
| <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>           |  |  |  |  |
| <br>                          | <br>                | <br>              | <br>                | <br>                | <br>                    |  |  |  |  |
| <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  |                   |                  |                      | Total Nonmajor<br>Governmental<br>Funds |  |
|---|-------------------|------------------|----------------------|---|--|
| Special<br>Assessments  | Permanent<br>Fund |                  |                      |   |  |
| <b>Assets</b>   |                   |                  |                      |   |  |
| 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                |   |  |
| <b>Total assets</b>   | <b>\$ 905,169</b> | <b>\$ 12,929</b> | <b>\$ 16,508,000</b> |   |  |
| <b>Liabilities</b>  |                   |                  |                      |   |  |
| 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            |   |  |
| <b>Total liabilities</b>  | <b>3,088</b>      | <b>-</b>         | <b>5,851,456</b>     |   |  |
| <b>Deferred inflows of resources</b>  |                   |                  |                      |   |  |
| Unavailable revenue   | 871,309           | -                | 899,133              |   |  |
| <b>Fund balances</b>  |                   |                  |                      |   |  |
| Nonspendable:   |                   |                  |                      |   |  |
| Prepaid items   | -                 | -                | 13,292               |   |  |
| Inventories   | -                 | -                | 221,702              |   |  |
| Endowment   | -                 | 1,069            | 1,069                |   |  |
| Restricted  | 30,772            | 11,860           | 9,521,348            |   |  |
| <b>Total fund balances</b>  | <b>30,772</b>     | <b>12,929</b>    | <b>9,757,411</b>     |   |  |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 905,169</b> | <b>\$ 12,929</b> | <b>\$ 16,508,000</b> |   |  |

concluded.



# CITY OF ROYAL OAK, MICHIGAN

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

Nonmajor Governmental Funds  
For the Year Ended June 30, 2024

|  | Special Revenue Funds |                     |                                   |                 |
|--|-----------------------|---------------------|-----------------------------------|-----------------|
|  | Major Streets         | Solid Waste         | Community Development Block Grant | Publicity       |
| <b>Revenues</b>  |                       |                     |                                   |                 |
| 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                             | -               |
| <b>Total revenues</b>                                    | <b>6,555,058</b>      | <b>8,321,360</b>    | <b>1,505,899</b>                  | <b>47,325</b>   |
| <b>Expenditures</b>                                      |                       |                     |                                   |                 |
| 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             | -                                 | -               |
| <b>Total expenditures</b>                                | <b>9,441,306</b>      | <b>8,924,057</b>    | <b>1,182,979</b>                  | <b>83,921</b>   |
| Revenues over (under) expenditures                       | (2,886,248)           | (602,697)           | 322,920                           | (36,596)        |
| <b>Other financing sources (uses)</b>                    |                       |                     |                                   |                 |
| Transfers in   | 842,668               | -                   | -                                 | 37,500          |
| Transfers out  | (2,961,105)           | (7,500)             | (322,920)                         | -               |
| <b>Total other financing sources (uses)</b>              | <b>(2,118,437)</b>    | <b>(7,500)</b>      | <b>(322,920)</b>                  | <b>37,500</b>   |
| <b>Net change in fund balances</b>                       | <b>(5,004,685)</b>    | <b>(610,197)</b>    | <b>-</b>                          | <b>904</b>      |
| 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            | 7,474,329             | 3,145,816           | -                                 | 4,264           |
| <b>Fund balances, end of year</b>                        | <b>\$ 2,469,644</b>   | <b>\$ 2,535,619</b> | <b>\$ -</b>                       | <b>\$ 5,168</b> |

**Special Revenue Funds**

| <b>Special Revenue Funds</b>           |                            |                   |                             |                     |                                  |  |
|--|----------------------------|-------------------|-----------------------------|---------------------|----------------------------------|--|
| <b>Senior<br/>Citizens<br/>Program</b> | <b>Library<br/>Millage</b> | <b>Donations</b>  | <b>Indigent<br/>Defense</b> | <b>Grants</b>       | <b>Debt<br/>Service<br/>Fund</b> |  |
| \$ 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                      | -                 | -                           | -                   | -                                |  |
| <u>1,556,993</u>                       | <u>3,978,897</u>           | <u>195,404</u>    | <u>891,334</u>              | <u>697,882</u>      | <u>701</u>                       |  |
|  |                            |                   |                             |                     |                                  |  |
|  |                            |                   | 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                        |  |
| <u>1,206,490</u>                       | <u>3,149,060</u>           | <u>89,575</u>     | <u>830,824</u>              | <u>330,674</u>      | <u>2,669,030</u>                 |  |
| <u>350,503</u>                         | <u>829,837</u>             | <u>105,829</u>    | <u>60,510</u>               | <u>367,208</u>      | <u>(2,668,329)</u>               |  |
|  |                            |                   |                             |                     |                                  |  |
| 292,590                                | 22,000                     | 23,000            | 22,870                      | 147,700             | 2,669,019                        |  |
| (7,500)                                | -                          | -                 | -                           | -                   | -                                |  |
| <u>285,090</u>                         | <u>22,000</u>              | <u>23,000</u>     | <u>22,870</u>               | <u>147,700</u>      | <u>2,669,019</u>                 |  |
| <u>635,593</u>                         | <u>851,837</u>             | <u>128,829</u>    | <u>83,380</u>               | <u>514,908</u>      | <u>690</u>                       |  |
|  |                            |                   |                             |                     |                                  |  |
| 306,912                                | 657,643                    | 304,284           | -                           | -                   | 16,092                           |  |
| -                                      | -                          | -                 | -                           | 1,203,111           | -                                |  |
| <u>306,912</u>                         | <u>657,643</u>             | <u>304,284</u>    | <u>-</u>                    | <u>1,203,111</u>    | <u>16,092</u>                    |  |
| <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>                 |  |

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                                  |                     |                  | Total Nonmajor Governmental Funds |
|--|---|---------------------|------------------|-----------------------------------|
|  | City Capital Projects<br>(Formerly Nonmajor Fund) | Special Assessments | Permanent Fund   |                                   |
| <b>Revenues</b>  |   |                     |                  |                                   |
| 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                            |
| <b>Total revenues</b>                                    | <b>978,291</b>                                    | <b>507</b>          | <b>-</b>         | <b>24,729,651</b>                 |
| <b>Expenditures</b>                                      |   |                     |                  |                                   |
| 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                         |
| <b>Total expenditures</b>                                | <b>397</b>  | <b>5</b>            | <b>-</b>         | <b>27,908,318</b>                 |
| Revenues over (under) expenditures                       | 977,894   | 502                 | -                | (3,178,667)                       |
| <b>Other financing sources (uses)</b>                    |   |                     |                  |                                   |
| Transfers in   | -   | -                   | -                | 4,057,347                         |
| Transfers out  | (981,467)   | -                   | -                | (4,280,492)                       |
| <b>Total other financing sources (uses)</b>              | <b>(981,467)</b>                                  | <b>-</b>            | <b>-</b>         | <b>(223,145)</b>                  |
| <b>Net change in fund balances</b>                       | <b>(3,573)</b>                                    | <b>502</b>          | <b>-</b>         | <b>(3,401,812)</b>                |
| Fund balances, beginning of year, as previously reported | \$ 1,428,953                                      | 34,345              | 12,427           | 13,385,065                        |
| Change within financial reporting entity                 | (1,428,953)                                       | -                   | -                | (225,842)                         |
| Fund balances, beginning of year, as adjusted            | -   | 34,345              | 12,427           | 13,159,223                        |
| <b>Fund balances, end of year</b>                        | <b>\$ -</b>                                       | <b>\$ 30,772</b>    | <b>\$ 12,929</b> | <b>\$ 9,757,411</b>               |

concluded.

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2024

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|---|---------------------|---------------------|---------------------|--|
| <b>Revenues</b>                             |                     |                     |                     |  |
| 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)                                |
| <b>Total revenues</b>                       | <u>6,233,190</u>    | <u>6,389,490</u>    | <u>6,555,058</u>    | <u>165,568</u>                         |
| <b>Expenditures</b>                         |                     |                     |                     |  |
| 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)                                  |
| <b>Total expenditures</b>                   | <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>                         |
| <b>Other financing sources (uses)</b>       |                     |                     |                     |  |
| Transfers in                                | 40,000              | 838,521             | 842,668             | 4,147                                  |
| Transfers in                                | -                   | (2,961,105)         | (2,961,105)         | -                                      |
| <b>Total other financing sources (uses)</b> | <u>40,000</u>       | <u>(2,122,584)</u>  | <u>(2,118,437)</u>  | <u>4,147</u>                           |
| <b>Net change in fund balance</b>           | <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>                               |
| <b>Fund balance, end of year</b>            | <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<br>Budget  | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|-----------------------------------|---------------------|---------------------|---------------------|--|
| <b>Revenues</b>                   |                     |                     |                     |  |
| 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)                                  |
| <b>Total revenues</b>             | <b>8,315,120</b>    | <b>8,355,120</b>    | <b>8,321,360</b>    | <b>(33,760)</b>                        |
| <b>Expenditures</b>               |                     |                     |                     |  |
| 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)                                  |
| <b>Total expenditures</b>         | <b>8,732,021</b>    | <b>8,919,521</b>    | <b>8,924,057</b>    | <b>4,536</b>                           |
| Revenues under expenditures       | (416,901)           | (564,401)           | (602,697)           | (38,296)                               |
| <b>Other financing uses</b>       |                     |                     |                     |  |
| Transfers out                     | (5,000)             | (7,500)             | (7,500)             | -                                      |
| <b>Net change in fund balance</b> | <b>(421,901)</b>    | <b>(571,901)</b>    | <b>(610,197)</b>    | <b>(38,296)</b>                        |
| Fund balance, beginning of year   | 3,145,816           | 3,145,816           | 3,145,816           | -                                      |
| <b>Fund balance, end of year</b>  | <b>\$ 2,723,915</b> | <b>\$ 2,573,915</b> | <b>\$ 2,535,619</b> | <b>\$ (38,296)</b>                     |

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Community Development Block Grant Fund

For the Year Ended June 30, 2024

|                                    | Original<br>Budget | Final<br>Budget  | Actual           | Actual Over<br>(Under) Final<br>Budget |
|------------------------------------|--------------------|------------------|------------------|--|
| <b>Revenues</b>                    |                    |                  |                  |  |
| 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                      | <u>345,760</u>     | <u>1,211,565</u> | <u>4,859</u>     | <u>(1,206,706)</u>                     |
| <b>Total revenues</b>              | <b>1,810,760</b>   | <b>2,656,645</b> | <b>1,505,899</b> | <b>(1,150,746)</b>                     |
| <b>Expenditures</b>                |                    |                  |                  |  |
| Current -                          |                    |                  |                  |  |
| Community and economic development | <u>1,810,745</u>   | <u>2,156,645</u> | <u>1,182,979</u> | <u>(973,666)</u>                       |
| Revenues over expenditures         | 15                 | 500,000          | 322,920          | (177,080)                              |
| <b>Other financing uses</b>        |                    |                  |                  |  |
| Transfers out                      | <u>-</u>           | <u>(500,000)</u> | <u>(322,920)</u> | <u>(177,080)</u>                       |
| <b>Net change in fund balance</b>  | <b>15</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>                               |
| Fund balance, beginning of year    | <u>-</u>           | <u>-</u>         | <u>-</u>         | <u>-</u>                               |
| <b>Fund balance, end of year</b>   | <b>\$ 15</b>       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>                            |

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Publicity Fund

For the Year Ended June 30, 2024

|                                   | Original<br>Budget | Final<br>Budget | Actual          | Actual Over<br>(Under) Final<br>Budget |
|-----------------------------------|--------------------|-----------------|-----------------|--|
| <b>Revenues</b>                   |                    |                 |                 |  |
| 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                                    |
| <b>Total revenues</b>             | <b>52,170</b>      | <b>52,170</b>   | <b>47,325</b>   | <b>(4,845)</b>                         |
| <b>Expenditures</b>               |                    |                 |                 |  |
| Current -                         |                    |                 |                 |  |
| Recreation and culture            | 72,670             | 85,170          | 83,921          | (1,249)                                |
| Revenues under expenditures       | (20,500)           | (33,000)        | (36,596)        | (3,596)                                |
| <b>Other financing sources</b>    |                    |                 |                 |  |
| Transfers in                      | 25,000             | 37,500          | 37,500          | -                                      |
| <b>Net change in fund balance</b> | <b>4,500</b>       | <b>4,500</b>    | <b>904</b>      | <b>(3,596)</b>                         |
| Fund balance, beginning of year   | 4,264              | 4,264           | 4,264           | -                                      |
| <b>Fund balance, end of year</b>  | <b>\$ 8,764</b>    | <b>\$ 8,764</b> | <b>\$ 5,168</b> | <b>\$ (3,596)</b>                      |

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Senior Citizens Program Fund

For the Year Ended June 30, 2024

|   | Original<br>Budget | Final<br>Budget   | Actual            | Actual Over<br>(Under) Final<br>Budget |
|---|--------------------|-------------------|-------------------|--|
| <b>Revenues</b>                             |                    |                   |                   |  |
| 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                                |
| <b>Total revenues</b>                       | <u>1,125,530</u>   | <u>1,468,140</u>  | <u>1,556,993</u>  | <u>88,853</u>                          |
| <b>Expenditures</b>                         |                    |                   |                   |  |
| 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)                                  |
| <b>Total expenditures</b>                   | <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>                         |
| <b>Other financing sources (uses)</b>       |                    |                   |                   |  |
| Transfers in                                | -                  | 292,590           | 292,590           | -                                      |
| Transfers out                               | <u>(5,000)</u>     | <u>(7,500)</u>    | <u>(7,500)</u>    | <u>-</u>                               |
| <b>Total other financing sources (uses)</b> | <u>(5,000)</u>     | <u>285,090</u>    | <u>285,090</u>    | <u>-</u>                               |
| <b>Net change in fund balance</b>           | <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>                               |
| <b>Fund balance, end of year</b>            | <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<br>Budget  | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|-----------------------------------|---------------------|---------------------|---------------------|--|
| <b>Revenues</b>                   |                     |                     |                     |  |
| 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                                    |
| <b>Total revenues</b>             | <b>3,924,520</b>    | <b>3,925,440</b>    | <b>3,978,897</b>    | <b>53,457</b>                          |
| <b>Expenditures</b>               |                     |                     |                     |  |
| 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)                                  |
| <b>Total expenditures</b>         | <b>3,306,133</b>    | <b>3,355,633</b>    | <b>3,149,060</b>    | <b>(206,573)</b>                       |
| Revenues over expenditures        | 618,387             | 569,807             | 829,837             | 260,030                                |
| <b>Other financing sources</b>    |                     |                     |                     |  |
| Transfers in                      | -                   | 22,000              | 22,000              | -                                      |
| <b>Net change in fund balance</b> | <b>618,387</b>      | <b>591,807</b>      | <b>851,837</b>      | <b>260,030</b>                         |
| Fund balance, beginning of year   | 657,643             | 657,643             | 657,643             | -                                      |
| <b>Fund balance, end of year</b>  | <b>\$ 1,276,030</b> | <b>\$ 1,249,450</b> | <b>\$ 1,509,480</b> | <b>\$ 260,030</b>                      |

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Donations Fund

For the Year Ended June 30, 2024

|                                    | Original<br>Budget | Final<br>Budget   | Actual            | Actual Over<br>(Under) Final<br>Budget |
|------------------------------------|--------------------|-------------------|-------------------|--|
| <b>Revenues</b>                    |                    |                   |                   |  |
| Interest and rentals               | \$ -               | \$ -              | \$ 17,537         | \$ 17,537                              |
| Contributions and donations        | -                  | 125,000           | 177,867           | 52,867                                 |
| <b>Total revenues</b>              | -                  | 125,000           | 195,404           | 70,404                                 |
| <b>Expenditures</b>                |                    |                   |                   |  |
| Current -                          |                    |                   |                   |  |
| Recreation and culture             | 62,000             | 175,070           | 89,575            | (85,495)                               |
| Revenues over (under) expenditures | (62,000)           | (50,070)          | 105,829           | 155,899                                |
| <b>Other financing sources</b>     |                    |                   |                   |  |
| Transfers in                       | 23,000             | 23,000            | 23,000            | -                                      |
| <b>Net change in fund balance</b>  | (39,000)           | (27,070)          | 128,829           | 155,899                                |
| Fund balance, beginning of year    | 304,284            | 304,284           | 304,284           | -                                      |
| <b>Fund balance, end of year</b>   | <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<br>Budget | Final<br>Budget  | Actual           | Actual Over<br>(Under) Final<br>Budget |
|------------------------------------|--------------------|------------------|------------------|--|
| <b>Revenues</b>                    |                    |                  |                  |  |
| State grants                       | \$ 677,160         | \$ 1,099,900     | \$ 891,334       | \$ (208,566)                           |
| <b>Expenditures</b>                |                    |                  |                  |  |
| Current -                          |                    |                  |                  |  |
| General government                 | <u>703,320</u>     | <u>1,122,770</u> | <u>830,824</u>   | <u>(291,946)</u>                       |
| Revenues over (under) expenditures | (26,160)           | (22,870)         | 60,510           | 83,380                                 |
| <b>Other financing sources</b>     |                    |                  |                  |  |
| Transfers in                       | <u>26,160</u>      | <u>22,870</u>    | <u>22,870</u>    | <u>-</u>                               |
| <b>Net change in fund balance</b>  | -                  | -                | 83,380           | 83,380                                 |
| Fund balance, beginning of year    | -                  | -                | -                | -                                      |
| <b>Fund balance, end of year</b>   | <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<br>Budget | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|---|--------------------|---------------------|---------------------|--|
| <b>Revenues</b>                             |                    |                     |                     |  |
| 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)                                |
| <b>Total revenues</b>                       | <b>682,880</b>     | <b>919,680</b>      | <b>697,882</b>      | <b>(221,798)</b>                       |
| <b>Expenditures</b>                         |                    |                     |                     |  |
| Current:                                    |                    |                     |                     |  |
| General government                          | 194,700            | 126,200             | -                   | (126,200)                              |
| Public safety                               | 447,533            | 337,233             | 330,674             | (6,559)                                |
| <b>Total expenditures</b>                   | <b>642,233</b>     | <b>463,433</b>      | <b>330,674</b>      | <b>(132,759)</b>                       |
| Revenues over expenditures                  | 40,647             | 456,247             | 367,208             | (89,039)                               |
| <b>Other financing sources (uses)</b>       |                    |                     |                     |  |
| Transfers in                                | 297,700            | 147,700             | 147,700             | -                                      |
| Transfers out                               | (870,000)          | -                   | -                   | -                                      |
| <b>Total other financing sources (uses)</b> | <b>(572,300)</b>   | <b>147,700</b>      | <b>147,700</b>      | <b>-</b>                               |
| <b>Net change in fund balance</b>           | <b>(531,653)</b>   | <b>603,947</b>      | <b>514,908</b>      | <b>(89,039)</b>                        |
| Fund balance, beginning of year             | 1,203,111          | 1,203,111           | 1,203,111           | -                                      |
| <b>Fund balance, end of year</b>            | <b>\$ 671,458</b>  | <b>\$ 1,807,058</b> | <b>\$ 1,718,019</b> | <b>\$ (89,039)</b>                     |

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2024

|   | Arts, Beats<br>& Eats | Recreation<br>Administration | Ice<br>Arena        | Farmers<br>Market   | Total<br>Nonmajor<br>Enterprise<br>Funds |
|---|-----------------------|------------------------------|---------------------|---------------------|--|
| <b>Assets</b>                                 |                       |                              |                     |                     |  |
| 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                          | <u>99,711</u>         | <u>127,201</u>               | <u>89,845</u>       | <u>593,984</u>      | <u>910,741</u>                           |
| 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                       | <u>-</u>              | <u>2,937,966</u>             | <u>1,217,685</u>    | <u>976,389</u>      | <u>5,132,040</u>                         |
| <b>Total assets</b>                           | <u>99,711</u>         | <u>3,065,167</u>             | <u>1,307,530</u>    | <u>1,570,373</u>    | <u>6,042,781</u>                         |
| <b>Deferred outflows of resources</b>         |                       |                              |                     |                     |  |
| Deferred pension amounts                      | -                     | 7,257                        | -                   | -                   | 7,257                                    |
| Deferred other postemployment benefit amounts | -                     | 24                           | -                   | -                   | 24                                       |
| <b>Total deferred outflows of resources</b>   | <u>-</u>              | <u>7,281</u>                 | <u>-</u>            | <u>-</u>            | <u>7,281</u>                             |
| <b>Liabilities</b>                            |                       |                              |                     |                     |  |
| 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                     | <u>-</u>              | <u>83,770</u>                | <u>74,535</u>       | <u>47,410</u>       | <u>205,715</u>                           |
| 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                  | <u>-</u>              | <u>1,028,732</u>             | <u>186,422</u>      | <u>484</u>          | <u>1,215,638</u>                         |
| <b>Total liabilities</b>                      | <u>-</u>              | <u>1,112,502</u>             | <u>260,957</u>      | <u>47,894</u>       | <u>1,421,353</u>                         |
| <b>Deferred inflows of resources</b>          |                       |                              |                     |                     |  |
| Deferred other postemployment benefit amounts | -                     | 18,603                       | -                   | -                   | 18,603                                   |
| Deferred lease amounts                        | -                     | 126,610                      | -                   | -                   | 126,610                                  |
| <b>Total deferred inflows of resources</b>    | <u>-</u>              | <u>145,213</u>               | <u>-</u>            | <u>-</u>            | <u>145,213</u>                           |
| <b>Net position</b>                           |                       |                              |                     |                     |  |
| 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)                        | <u>99,711</u>         | <u>(996,623)</u>             | <u>(171,112)</u>    | <u>546,090</u>      | <u>(521,934)</u>                         |
| <b>Total net position</b>                     | <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 Revenues, Expenses and Changes in Fund Net Position**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

|   | Arts, Beats<br>& Eats | Recreation<br>Administration | Ice<br>Arena        | Farmers<br>Market   | Total<br>Nonmajor<br>Enterprise<br>Funds |
|---|-----------------------|------------------------------|---------------------|---------------------|--|
| <b>Operating revenues</b>                     |                       |                              |                     |                     |  |
| Charges for services                          | \$ 355,777            | \$ 641,701                   | \$ 1,467,699        | \$ 601,529          | \$ 3,066,706                             |
| Other   | -                     | -                            | 11,566              | 9,160               | 20,726                                   |
| <b>Total operating revenues</b>               | <b>355,777</b>        | <b>641,701</b>               | <b>1,479,265</b>    | <b>610,689</b>      | <b>3,087,432</b>                         |
| <b>Operating expenses</b>                     |                       |                              |                     |                     |  |
| 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                                  |
| <b>Total operating expenses</b>               | <b>232,664</b>        | <b>445,621</b>               | <b>1,653,586</b>    | <b>580,418</b>      | <b>2,912,289</b>                         |
| Operating income (loss)                       | 123,113               | 196,080                      | (174,321)           | 30,271              | 175,143                                  |
| <b>Nonoperating revenues (expenses)</b>       |                       |                              |                     |                     |  |
| Interest income                               | 11,173                | 4,151                        | 5,532               | 19,521              | 40,377                                   |
| Interest expense                              | -                     | (41,122)                     | (8,225)             | -                   | (49,347)                                 |
| <b>Total nonoperating revenues (expenses)</b> | <b>11,173</b>         | <b>(36,971)</b>              | <b>(2,693)</b>      | <b>19,521</b>       | <b>(8,970)</b>                           |
| Income (loss) before transfers                | 134,286               | 159,109                      | (177,014)           | 49,792              | 166,173                                  |
| <b>Transfers</b>                              |                       |                              |                     |                     |  |
| Transfers out                                 | (130,000)             | -                            | (7,500)             | -                   | (137,500)                                |
| <b>Change in net position</b>                 | <b>4,286</b>          | <b>159,109</b>               | <b>(184,514)</b>    | <b>49,792</b>       | <b>28,673</b>                            |
| Net position, beginning of year               | 95,425                | 1,655,624                    | 1,231,087           | 1,472,687           | 4,454,823                                |
| <b>Net position, end of year</b>              | <b>\$ 99,711</b>      | <b>\$ 1,814,733</b>          | <b>\$ 1,046,573</b> | <b>\$ 1,522,479</b> | <b>\$ 4,483,496</b>                      |

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

|   | <b>Arts, Beats<br/>&amp; Eats</b> | <b>Recreation<br/>Administration</b> | <b>Ice<br/>Arena</b> | <b>Farmers<br/>Market</b> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|---|-----------------------------------|--------------------------------------|----------------------|---------------------------|--|
| <b>Cash flows from operating activities</b>                         |                                   |                                      |                      |                           |  |
| 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)  |
| <b>Net cash provided by (used in)<br/>operating activities</b>      | <b>98,113</b>                     | <b>164,022</b>                       | <b>(52,450)</b>      | <b>82,559</b>             | <b>292,244</b>                                     |
| <b>Cash flows from noncapital<br/>financing activities</b>          |                                   |                                      |                      |                           |  |
| 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)   |
| <b>Net cash used in noncapital financing activities</b>             | <b>(130,000)</b>                  | <b>(93,444)</b>                      | <b>(26,189)</b>      | <b>-</b>                  | <b>(249,633)</b>                                   |
| <b>Cash flows from capital and related<br/>financing activities</b> |                                   |                                      |                      |                           |  |
| Transfer of capital assets  | -                                 | -                                    | -                    | 4,260                     | 4,260  |
| <b>Cash flows from investing activities</b>                         |                                   |                                      |                      |                           |  |
| Interest received on investments                                    | 11,173                            | 4,151                                | 5,532                | 19,521                    | 40,377   |
| <b>Net change in cash and investments</b>                           | <b>(20,714)</b>                   | <b>74,729</b>                        | <b>(73,107)</b>      | <b>106,340</b>            | <b>87,248</b>                                      |
| Cash and investments balances,<br>beginning of year                 | 95,425                            | 52,472                               | 156,732              | 472,823                   | 777,452  |
| <b>Cash and investments balances,<br/>end of year</b>               | <b>\$ 74,711</b>                  | <b>\$ 127,201</b>                    | <b>\$ 83,625</b>     | <b>\$ 579,163</b>         | <b>\$ 864,700</b>                                  |

continued...

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

|   | <b>Arts, Beats<br/>&amp; Eats</b> | <b>Recreation<br/>Administration</b> | <b>Ice<br/>Arena</b> | <b>Farmers<br/>Market</b> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|---|-----------------------------------|--------------------------------------|----------------------|---------------------------|--|
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>         |                                   |                                      |                      |                           |  |
| Operating income (loss)   | \$ 123,113                        | \$ 196,080                           | \$ (174,321)         | \$ 30,271                 | \$ 175,143   |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b> |                                   |                                      |                      |                           |  |
| 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)   |
| <b>Net cash provided by (used in) operating activities</b>  | <b>\$ 98,113</b>                  | <b>\$ 164,022</b>                    | <b>\$ (52,450)</b>   | <b>\$ 82,559</b>          | <b>\$ 292,244</b>                                  |

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Net Position

Internal Service Funds  
June 30, 2024

|   | Information<br>Systems | Motor Pool           | Workers<br>Compensation | Medical<br>Self-Insurance | Liability<br>Insurance | Total                |
|---|------------------------|----------------------|-------------------------|---------------------------|------------------------|----------------------|
| <b>Assets</b>                                   |                        |                      |                         |                           |                        |                      |
| 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                            | <u>5,057,581</u>       | <u>13,602,253</u>    | <u>2,142,280</u>        | <u>5,115,413</u>          | <u>3,525,936</u>       | <u>29,443,463</u>    |
| 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                         | <u>946,409</u>         | <u>9,277,631</u>     | <u>-</u>                | <u>-</u>                  | <u>-</u>               | <u>10,224,040</u>    |
| <b>Total assets</b>                             | <b>6,003,990</b>       | <b>22,879,884</b>    | <b>2,142,280</b>        | <b>5,115,413</b>          | <b>3,525,936</b>       | <b>39,667,503</b>    |
| <b>Deferred outflows of resources</b>           |                        |                      |                         |                           |                        |                      |
| Deferred charge on refunding                    | -                      | 19,843               | -                       | -                         | -                      | 19,843               |
| Deferred pension amounts                        | -                      | 27,227               | -                       | -                         | -                      | 27,227               |
| Deferred other postemployment benefit amounts   | -                      | 86                   | -                       | -                         | -                      | 86                   |
| <b>Total deferred outflows of resources</b>     | <b>-</b>               | <b>47,156</b>        | <b>-</b>                | <b>-</b>                  | <b>-</b>               | <b>47,156</b>        |
| <b>Liabilities</b>                              |                        |                      |                         |                           |                        |                      |
| 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                       | <u>258,395</u>         | <u>644,270</u>       | <u>135,714</u>          | <u>251,247</u>            | <u>588,727</u>         | <u>1,878,353</u>     |
| 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                    | <u>1,293,800</u>       | <u>5,607,210</u>     | <u>100,100</u>          | <u>-</u>                  | <u>464,375</u>         | <u>7,465,485</u>     |
| <b>Total liabilities</b>                        | <b>1,552,195</b>       | <b>6,251,480</b>     | <b>235,814</b>          | <b>251,247</b>            | <b>1,053,102</b>       | <b>9,343,838</b>     |
| <b>Deferred inflows of resources</b>            |                        |                      |                         |                           |                        |                      |
| Deferred other postemployment benefit amounts   | -                      | 67,338               | -                       | -                         | -                      | 67,338               |
| <b>Net position</b>                             |                        |                      |                         |                           |                        |                      |
| 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           |
| <b>Total net position</b>                       | <b>\$ 4,451,795</b>    | <b>\$ 16,608,222</b> | <b>\$ 1,906,466</b>     | <b>\$ 4,864,166</b>       | <b>\$ 2,472,834</b>    | <b>\$ 30,303,483</b> |

**CITY OF ROYAL OAK, MICHIGAN**

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

Internal Service Funds

For the Year Ended June 30, 2024

|  | Information Systems | Motor Pool           | Workers Compensation | Medical Self-Insurance | Liability Insurance | Total                |
|--|---------------------|----------------------|----------------------|------------------------|---------------------|----------------------|
| <b>Operating revenues</b>                    |                     |                      |                      |                        |                     |                      |
| 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            |
| <b>Total operating revenues</b>              | <b>2,340,476</b>    | <b>5,494,814</b>     | <b>455,087</b>       | <b>8,908,132</b>       | <b>2,249,633</b>    | <b>19,448,142</b>    |
| <b>Operating expenses</b>                    |                     |                      |                      |                        |                     |                      |
| 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            |
| <b>Total operating expenses</b>              | <b>1,580,906</b>    | <b>3,225,307</b>     | <b>382,828</b>       | <b>8,952,543</b>       | <b>1,734,274</b>    | <b>15,875,858</b>    |
| Operating income (loss)                      | 759,570             | 2,269,507            | 72,259               | (44,411)               | 515,359             | 3,572,284            |
| <b>Nonoperating revenues (expenses)</b>      |                     |                      |                      |                        |                     |                      |
| Interest expense                             | (32,899)            | (231,444)            | -                    | -                      | -                   | (264,343)            |
| Gain on sale of capital assets               | -                   | 10,102               | -                    | -                      | -                   | 10,102               |
| <b>Total nonoperating revenue (expenses)</b> | <b>(32,899)</b>     | <b>(221,342)</b>     | <b>-</b>             | <b>-</b>               | <b>-</b>            | <b>(254,241)</b>     |
| Income (loss) before transfers               | 726,671             | 2,048,165            | 72,259               | (44,411)               | 515,359             | 3,318,043            |
| <b>Transfers in</b>                          | <b>22,000</b>       | <b>-</b>             | <b>-</b>             | <b>-</b>               | <b>-</b>            | <b>22,000</b>        |
| <b>Change in net position</b>                | <b>748,671</b>      | <b>2,048,165</b>     | <b>72,259</b>        | <b>(44,411)</b>        | <b>515,359</b>      | <b>3,340,043</b>     |
| Net position, beginning of year              | 3,703,124           | 14,560,057           | 1,834,207            | 4,908,577              | 1,957,475           | 26,963,440           |
| <b>Net position, end of year</b>             | <b>\$ 4,451,795</b> | <b>\$ 16,608,222</b> | <b>\$ 1,906,466</b>  | <b>\$ 4,864,166</b>    | <b>\$ 2,472,834</b> | <b>\$ 30,303,483</b> |

**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                |
|--|---------------------|----------------------|----------------------|------------------------|---------------------|----------------------|
| <b>Cash flows from operating activities</b>                      |                     |                      |                      |                        |                     |                      |
| 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)         |
| <b>Net cash provided by (used in) operating activities</b>       | <b>789,611</b>      | <b>2,628,511</b>     | <b>(14,534)</b>      | <b>(985,123)</b>       | <b>2,056,904</b>    | <b>4,475,369</b>     |
| <b>Cash flows from noncapital financing activities</b>           |                     |                      |                      |                        |                     |                      |
| 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)            |
| <b>Net cash used in noncapital financing activities</b>          | <b>(48,766)</b>     | <b>(506,793)</b>     | <b>-</b>             | <b>-</b>               | <b>-</b>            | <b>(555,559)</b>     |
| <b>Cash flows from capital and related financing activities</b>  |                     |                      |                      |                        |                     |                      |
| 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               |
| <b>Net cash used in capital and related financing activities</b> | <b>(339,828)</b>    | <b>(1,268,617)</b>   | <b>-</b>             | <b>-</b>               | <b>-</b>            | <b>(1,608,445)</b>   |
| <b>Net change in cash and investments</b>                        | <b>401,017</b>      | <b>853,101</b>       | <b>(14,534)</b>      | <b>(985,123)</b>       | <b>2,056,904</b>    | <b>2,311,365</b>     |
| Cash and investments balances, beginning of year                 | 4,656,564           | 12,592,164           | 2,056,817            | 3,914,194              | 1,469,032           | 24,688,771           |
| <b>Cash and investments balances, end of year</b>                | <b>\$ 5,057,581</b> | <b>\$ 13,445,265</b> | <b>\$ 2,042,283</b>  | <b>\$ 2,929,071</b>    | <b>\$ 3,525,936</b> | <b>\$ 27,000,136</b> |

continued...

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2024

|  | Information<br>Systems | Motor Pool          | Workers<br>Compensation | Medical<br>Self-Insurance | Liability<br>Insurance | Total               |
|--|------------------------|---------------------|-------------------------|---------------------------|------------------------|---------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |                        |                     |                         |                           |                        |                     |
| 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              |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 789,611</b>      | <b>\$ 2,628,511</b> | <b>\$ (14,534)</b>      | <b>\$ (985,123)</b>       | <b>\$ 2,056,904</b>    | <b>\$ 4,475,369</b> |

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2024

|  | General<br>Custodial | Tax<br>Collection | 44th District<br>Court | Total          |
|--|----------------------|-------------------|------------------------|----------------|
| <b>Assets</b>  |                      |                   |                        |                |
| Cash and investments   | \$ 68,902            | \$ 60,452         | \$ 160,719             | \$ 290,073     |
| <b>Liabilities</b>   |                      |                   |                        |                |
| 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         |
| <b>Total liabilities</b>   | <b>17,632</b>        | <b>60,452</b>     | <b>160,719</b>         | <b>238,803</b> |
| <b>Net position</b>  |                      |                   |                        |                |
| Restricted for individuals, organizations<br>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<br>Custodial    | Tax<br>Collection        | 44th District<br>Court | Total                    |
|--|-------------------------|--------------------------|------------------------|--------------------------|
| <b>Additions</b>                       |                         |                          |                        |                          |
| Taxes collected for other governments  | \$ -                    | \$ 92,662,655            | \$ -                   | \$ 92,662,655            |
| Other additions                        | <u>108,376</u>          | <u>-</u>                 | <u>932,515</u>         | <u>1,040,891</u>         |
| <b>Total additions</b>                 | <b><u>108,376</u></b>   | <b><u>92,662,655</u></b> | <b><u>932,515</u></b>  | <b><u>93,703,546</u></b> |
| <b>Deductions</b>                      |                         |                          |                        |                          |
| Payments of taxes to other governments | -                       | 92,662,655               | -                      | 92,662,655               |
| Other deductions                       | <u>293,827</u>          | <u>-</u>                 | <u>932,515</u>         | <u>1,226,342</u>         |
| <b>Total deductions</b>                | <b><u>293,827</u></b>   | <b><u>92,662,655</u></b> | <b><u>932,515</u></b>  | <b><u>93,888,997</u></b> |
| <b>Change in net position</b>          | <b><u>(185,451)</u></b> | <b><u>-</u></b>          | <b><u>-</u></b>        | <b><u>(185,451)</u></b>  |
| Net position, beginning of year        | <u>236,721</u>          | <u>-</u>                 | <u>-</u>               | <u>236,721</u>           |
| <b>Net position, end of year</b>       | <b><u>\$ 51,270</u></b> | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>     | <b><u>\$ 51,270</u></b>  |

## CITY OF ROYAL OAK, MICHIGAN

### Balance Sheets

Component Units  
June 30, 2024

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

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

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

|  | Tax<br>Increment<br>Financing<br>Authority | Downtown<br>Development<br>Authority | Brownfield<br>Redevelopment<br>Authority | Total<br>Component<br>Units |
|--|--|--------------------------------------|--|-----------------------------|
| <b>Fund balances for component units</b>   | \$ 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)                    |
| <b>Net position for component units</b>  | <b>\$ 2,979,853</b>                        | <b>\$ 209,655</b>                    | <b>\$ 421,541</b>                        | <b>\$ 3,611,049</b>         |

## CITY OF ROYAL OAK, MICHIGAN

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

Component Units

For the Year Ended June 30, 2024

|                                    | Tax<br>Increment<br>Financing<br>Authority | Downtown<br>Development<br>Authority | Brownfield<br>Redevelopment<br>Authority | Total<br>Component<br>Units |
|------------------------------------|--|--------------------------------------|--|-----------------------------|
| <b>Revenues</b>                    |  |                                      |  |                             |
| 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        | <u>80,254</u>                              | <u>-</u>                             | <u>-</u>                                 | <u>80,254</u>               |
| <b>Total revenues</b>              | <b>6,298,660</b>                           | <b>55,985</b>                        | <b>507,753</b>                           | <b>6,862,398</b>            |
| <b>Expenditures</b>                |  |                                      |  |                             |
| Current -                          |  |                                      |  |                             |
| Community and economic development | <u>7,541,702</u>                           | <u>52,703</u>                        | <u>483,803</u>                           | <u>8,078,208</u>            |
| <b>Change in fund balances</b>     | <b>(1,243,042)</b>                         | <b>3,282</b>                         | <b>23,950</b>                            | <b>(1,215,810)</b>          |
| Fund balances, beginning of year   | <u>2,935,648</u>                           | <u>119,418</u>                       | <u>392,565</u>                           | <u>3,447,631</u>            |
| <b>Fund balances, end of year</b>  | <b>\$ 1,692,606</b>                        | <b>\$ 122,700</b>                    | <b>\$ 416,515</b>                        | <b>\$ 2,231,821</b>         |

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
Component Units  
For the Year Ended June 30, 2024

|  | Tax<br>Increment<br>Financing<br>Authority | Downtown<br>Development<br>Authority | Brownfield<br>Redevelopment<br>Authority | Total<br>Component<br>Units |
|--|--|--------------------------------------|--|-----------------------------|
| <b>Net change in fund balances - component units</b>   | \$ (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.<br>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                     |
| <b>Change in net position of component units</b>   | <b>\$ (1,139,491)</b>                      | <b>\$ 154,857</b>                    | <b>\$ 24,043</b>                         | <b>\$ (960,591)</b>         |

## 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<br>Budget  | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|------------------------------------|---------------------|---------------------|---------------------|--|
| <b>Revenues</b>                    |                     |                     |                     |  |
| 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                                      |
| <b>Total revenues</b>              | <b>6,940,720</b>    | <b>7,080,970</b>    | <b>6,298,660</b>    | <b>(782,310)</b>                       |
| <b>Expenditures</b>                |                     |                     |                     |  |
| Community and economic development | 7,325,657           | 8,917,957           | 7,541,702           | (1,376,255)                            |
| <b>Net change in fund balance</b>  | <b>(384,937)</b>    | <b>(1,836,987)</b>  | <b>(1,243,042)</b>  | <b>593,945</b>                         |
| Fund balance, beginning of year    | 2,935,648           | 2,935,648           | 2,935,648           | -                                      |
| <b>Fund balance, end of year</b>   | <b>\$ 2,550,711</b> | <b>\$ 1,098,661</b> | <b>\$ 1,692,606</b> | <b>\$ 593,945</b>                      |

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Downtown Development Authority

For the Year Ended June 30, 2024

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

## CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Brownfield Redevelopment Authority

For the Year Ended June 30, 2024

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

## **STATISTICAL SECTION**



# CITY OF ROYAL OAK, MICHIGAN

## Statistical Section Table of Contents

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

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| <b>Revenue Capacity</b><br>These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.   | 164  |
| <b>Debt Capacity</b><br>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  |
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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                  |
| <b>Governmental activities:</b>                    |                            |                       |                       |                       |                       |
| 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)         |
| <b>Total governmental activities net position</b>  | <b>102,971,076</b>         | <b>116,768,915</b>    | <b>62,006,061</b>     | <b>72,019,464</b>     | <b>75,754,527</b>     |
| <b>Business-type activities:</b>                   |                            |                       |                       |                       |                       |
| 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             |
| <b>Total business-type activities net position</b> | <b>91,770,873</b>          | <b>97,876,284</b>     | <b>99,978,516</b>     | <b>104,329,246</b>    | <b>106,974,219</b>    |
| <b>Primary government:</b>                         |                            |                       |                       |                       |                       |
| 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)         |
| <b>Total primary government net position</b>       | <b>\$ 194,741,949</b>      | <b>\$ 214,645,199</b> | <b>\$ 161,984,577</b> | <b>\$ 176,348,710</b> | <b>\$ 182,728,746</b> |

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

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

**Schedule 1**  
**UNAUDITED**

| <b>Fiscal Year Ended June 30,</b> |                       |                       |                       |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>2020</b>                       | <b>2021</b>           | <b>2022</b>           | <b>2023</b>           | <b>2024</b>           |
| \$ 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          |
| <b>Expenses</b>                                 |                            |               |               |               |
| 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          | 58,751,339                 | 62,208,892    | 62,208,892    | 69,701,386    |
| 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         | 29,216,955                 | 30,782,920    | 30,782,920    | 34,783,597    |
| Total primary government expenses               | 87,968,294                 | 92,991,812    | 92,991,812    | 104,484,983   |
| <b>Program Revenues</b>                         |                            |               |               |               |
| 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  | 19,926,328                 | 24,268,960    | 23,527,753    | 23,585,179    |
| 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 | 32,985,941                 | 37,889,884    | 39,044,332    | 39,131,950    |
| Total primary government program revenues       | 52,912,269                 | 62,158,844    | 62,572,085    | 62,717,129    |
| <b>Net (Expense)/Revenue</b>                    |                            |               |               |               |
| 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            | (35,056,025)               | (30,832,968)  | (33,661,129)  | (41,767,854)  |

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          |  |
| <u>80,355,789</u>          | <u>86,130,024</u>   | <u>71,130,830</u>   | <u>80,152,814</u>   | <u>87,954,226</u>   | <u>45,872,019</u>  |  |
| <br>27,746,374             | <br>27,084,061      | <br>26,979,449      | <br>27,514,146      | <br>29,119,646      | <br>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            |  |
| <u>35,052,859</u>          | <u>35,005,489</u>   | <u>34,732,211</u>   | <u>34,503,751</u>   | <u>36,979,337</u>   | <u>34,429,802</u>  |  |
| <u>115,408,648</u>         | <u>121,135,513</u>  | <u>105,863,041</u>  | <u>114,656,565</u>  | <u>124,933,563</u>  | <u>80,301,821</u>  |  |
| <br>7,604,110              | <br>6,128,105       | <br>5,269,272       | <br>5,652,253       | <br>5,915,438       | <br>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            |  |
| <u>1,988,743</u>           | <u>1,782,524</u>    | <u>1,520,595</u>    | <u>1,700,454</u>    | <u>1,627,682</u>    | <u>1,634,416</u>   |  |
| <br>16,942,479             | <br>14,232,681      | <br>12,708,624      | <br>13,567,137      | <br>16,424,813      | <br>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          |  |
| <u>24,965,323</u>          | <u>20,278,248</u>   | <u>22,628,330</u>   | <u>22,087,792</u>   | <u>39,185,148</u>   | <u>33,286,319</u>  |  |
| <br>26,718,253             | <br>26,770,023      | <br>28,948,071      | <br>28,030,479      | <br>30,720,370      | <br>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            |  |
| <u>34,141,410</u>          | <u>32,631,356</u>   | <u>32,725,623</u>   | <u>34,345,443</u>   | <u>37,210,285</u>   | <u>40,166,812</u>  |  |
| 1,022,784                  | 790,924             | 1,507,746           | 714,812             | 1,688,537           | 2,559,103          |  |
| -                          | -                   | 75,953              | -                   | 319,237             | 32,602             |  |
| <u>35,164,194</u>          | <u>33,422,280</u>   | <u>34,309,322</u>   | <u>35,060,255</u>   | <u>39,218,059</u>   | <u>42,758,517</u>  |  |
| <u>60,129,517</u>          | <u>53,700,528</u>   | <u>56,937,652</u>   | <u>57,148,047</u>   | <u>78,403,207</u>   | <u>76,044,836</u>  |  |
| <br>(55,390,466)           | <br>(65,851,776)    | <br>(48,502,500)    | <br>(58,065,022)    | <br>(48,769,078)    | <br>(12,585,700)   |  |
| 111,335                    | (1,583,209)         | (422,889)           | 556,504             | 2,238,722           | 8,328,715          |  |
| <u>(55,279,131)</u>        | <u>(67,434,985)</u> | <u>(48,925,389)</u> | <u>(57,508,518)</u> | <u>(46,530,356)</u> | <u>(4,256,985)</u> |  |

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

|   | Fiscal Year Ended June 30, |                      |                      |                      |
|---|----------------------------|----------------------|----------------------|----------------------|
|   | 2015                       | 2016                 | 2017                 | 2018                 |
| <b>General Revenues and Other Changes in Net Position</b> |                            |                      |                      |                      |
| 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)              |
| <b>Total governmental activities</b>                      | <b>51,745,315</b>          | <b>51,737,771</b>    | <b>53,383,180</b>    | <b>56,129,610</b>    |
| 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                |
| <b>Total business-type activities</b>                     | <b>(2,380,696)</b>         | <b>(1,001,553)</b>   | <b>1,155,651</b>     | <b>2,377</b>         |
| <b>Total primary government</b>                           | <b>49,364,619</b>          | <b>50,736,218</b>    | <b>54,538,831</b>    | <b>56,131,987</b>    |
| <b>Change in Net Position</b>                             |                            |                      |                      |                      |
| 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            |
| <b>Total primary government</b>                           | <b>\$ 14,308,594</b>       | <b>\$ 19,903,250</b> | <b>\$ 20,877,702</b> | <b>\$ 14,364,133</b> |

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)          |  |
| <u>59,125,529</u>          | <u>61,562,533</u>     | <u>63,711,491</u>    | <u>66,399,338</u>    | <u>72,347,097</u>    | <u>71,437,106</u>    |  |
| <br>2,849,306              | <br>2,889,836         | <br>2,809,547        | <br>2,437,221        | <br>1,968,053        | <br>2,077,281        |  |
| -                          | 73,081                | -                    | -                    | -                    | -                    |  |
| -                          | -                     | -                    | -                    | -                    | -                    |  |
| (315,668)                  | (241,867)             | 108,112              | (55,830)             | (260,286)            | 7,351,532            |  |
| <u>2,533,638</u>           | <u>2,721,050</u>      | <u>2,917,659</u>     | <u>2,381,391</u>     | <u>1,707,767</u>     | <u>9,428,813</u>     |  |
| <u>64,192,805</u>          | <u>67,004,633</u>     | <u>69,546,809</u>    | <u>71,162,120</u>    | <u>75,762,631</u>    | <u>90,294,732</u>    |  |
| <br>3,735,063              | <br>(4,289,243)       | <br>15,208,991       | <br>8,334,316        | <br>23,578,019       | <br>58,851,406       |  |
| <u>2,644,973</u>           | <u>1,137,841</u>      | <u>2,494,770</u>     | <u>2,937,895</u>     | <u>3,946,489</u>     | <u>17,757,528</u>    |  |
| <u>\$ 6,380,036</u>        | <u>\$ (3,151,402)</u> | <u>\$ 17,703,761</u> | <u>\$ 11,272,211</u> | <u>\$ 27,524,508</u> | <u>\$ 76,608,934</u> |  |

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                    | Fiscal Year Ended June 30, |                      |                      |                      |
|------------------------------------|----------------------------|----------------------|----------------------|----------------------|
|                                    | 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**

| <b>Fiscal Year Ended June 30,</b> |                      |                      |                      |                      |                      |  |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| <b>2019</b>                       | <b>2020</b>          | <b>2021</b>          | <b>2022</b>          | <b>2023</b>          | <b>2024</b>          |  |
| \$ 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              |  |
| <u>16,526,632</u>                 | <u>13,625,862</u>    | <u>14,969,214</u>    | <u>9,082,144</u>     | <u>11,752,718</u>    | <u>10,856,720</u>    |  |
| <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>    |  |
| <br>                              | <br>                 | <br>                 | <br>                 | <br>                 | <br>                 |  |
| 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>    |  |
| <br>                              | <br>                 | <br>                 | <br>                 | <br>                 | <br>                 |  |
| <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                 |
| <b>Revenues</b>   |                            |                     |                     |                      |
| 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            |
| <b>Total revenues</b>                                   | <b>69,663,866</b>          | <b>75,059,642</b>   | <b>77,412,606</b>   | <b>79,747,826</b>    |
| <b>Expenditures</b>                                     |                            |                     |                     |                      |
| General government                                      | 8,805,147                  | 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                     | -                   | -                   | -                    |
| <b>Total expenditures</b>                               | <b>65,860,960</b>          | <b>74,659,566</b>   | <b>82,312,689</b>   | <b>78,132,694</b>    |
| Revenue over (under) expenditures                       | 3,802,906                  | 400,076             | (4,900,083)         | 1,615,132            |
| <b>Other financing sources (uses)</b>                   |                            |                     |                     |                      |
| 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                         | -                   | -                   | -                    |
| <b>Total other financing sources (uses)</b>             | <b>2,405,584</b>           | <b>1,003,054</b>    | <b>8,188,940</b>    | <b>43,980,880</b>    |
| <b>Net change in fund balances</b>                      | <b>\$ 6,208,490</b>        | <b>\$ 1,403,130</b> | <b>\$ 3,288,857</b> | <b>\$ 45,596,012</b> |
| Debt service as a percentage of noncapital expenditures | 2.98%                      | 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               |
| <u>84,404,908</u>          | <u>81,944,210</u>      | <u>85,985,532</u>      | <u>87,851,605</u>     | <u>111,176,818</u>   | <u>112,068,595</u>    |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| 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             |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| 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             |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| <u>86,206,546</u>          | <u>105,485,949</u>     | <u>95,900,585</u>      | <u>97,383,241</u>     | <u>96,872,942</u>    | <u>107,286,399</u>    |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| (1,801,638)                | (23,541,739)           | (9,915,053)            | (9,531,636)           | 14,303,876           | 4,782,196             |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| -                          | -                      | -                      | -                     | 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)          |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| <u>315,668</u>             | <u>205,867</u>         | <u>(545,657)</u>       | <u>(119,170)</u>      | <u>302,630</u>       | <u>(7,373,532)</u>    |
| <br>                       | <br>                   | <br>                   | <br>                  | <br>                 | <br>                  |
| <u>\$ (1,485,970)</u>      | <u>\$ (23,335,872)</u> | <u>\$ (10,460,710)</u> | <u>\$ (9,650,806)</u> | <u>\$ 14,606,506</u> | <u>\$ (2,591,336)</u> |

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<br>Taxable Value | Direct Tax<br>Rate<br>(mills) | Total<br>SEV     | Taxable Value<br>as a % of<br>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

|          |             | Direct City Taxes - Millage Rates (\$1 per 1,000) (1) |              |                       |              |                   |                         |        |            |            |                 |   |
|----------|-------------|---|--------------|-----------------------|--------------|-------------------|-------------------------|--------|------------|------------|-----------------|---|
| Tax Year | Fiscal Year | General Operating                                     |              | Solid Waste Operating |              | Library Operating | Public Safety Operating | Roads  | Voted Debt | Drain Debt | 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)  | Intermediate School District | Oakland Community College | State Education Tax (SET) | Before School Taxes |                | School P.R.E. (3)                   | School Non-P.R.E. (3) | Tax Rate for P.R.E. | Tax Rate for Non-P.R.E. |  |
| 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                  |  |

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 7  
 UNAUDITED

**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

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 8  
 UNAUDITED

**Revenue Capacity Information**

 Property Tax Levies and Collections  
 Last Ten Fiscal Years

| Tax Year | Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy |                 |                                 | Total Collections to Date |                 |  |
|----------|-------------|----------------------------------|--|-----------------|---------------------------------|---------------------------|-----------------|--|
|          |             |                                  | Amount (1)                                   | Percent of Levy | Collections in Subsequent Years | Amount                    | Percent of Levy |  |
| 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                          | -                          | -                | -                | -                |
|   | <hr/>                      | <hr/>            | <hr/>            | <hr/>            |
| Total   | <hr/>                      | <hr/>            | <hr/>            | <hr/>            |
|   | 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       |
|   | <hr/>                      | <hr/>            | <hr/>            | <hr/>            |
| Total   | <hr/>                      | <hr/>            | <hr/>            | <hr/>            |
|   | 39,756,284                 | 37,314,012       | 59,758,739       | 72,948,924       |
| Total debt of the City                            | <hr/>                      | <hr/>            | <hr/>            | <hr/>            |
|   | \$ 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

| <b>Fiscal Year Ended June 30,</b> |                              |                              |                              |                              |                              |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>2019</b>                       | <b>2020</b>                  | <b>2021</b>                  | <b>2022</b>                  | <b>2023</b>                  | <b>2024</b>                  |
| \$ 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                      |
| <b><u>150,496,176</u></b>         | <b><u>142,919,667</u></b>    | <b><u>135,396,758</u></b>    | <b><u>128,389,901</u></b>    | <b><u>121,550,792</u></b>    | <b><u>114,014,222</u></b>    |
| 26,262,269                        | 24,433,635                   | 22,366,828                   | 20,462,696                   | 18,505,157                   | 16,494,143                   |
| <b><u>41,273,933</u></b>          | <b><u>36,716,686</u></b>     | <b><u>32,241,339</u></b>     | <b><u>28,257,817</u></b>     | <b><u>24,645,618</u></b>     | <b><u>20,936,542</u></b>     |
| <b><u>67,536,202</u></b>          | <b><u>61,150,321</u></b>     | <b><u>54,608,167</u></b>     | <b><u>48,720,513</u></b>     | <b><u>43,150,775</u></b>     | <b><u>37,430,685</u></b>     |
| <b><u>\$ 218,032,378</u></b>      | <b><u>\$ 204,069,988</u></b> | <b><u>\$ 190,004,925</u></b> | <b><u>\$ 177,110,414</u></b> | <b><u>\$ 164,701,567</u></b> | <b><u>\$ 151,444,907</u></b> |
| \$ 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                          |                            |
|-------------|---|-------------------------------|------------------------------------|---|----------------------------|
|             | Limited Tax<br>General Obligation<br>Bonds (LTGO) | Tax Supported<br>Bonds (UTGO) | Less Pledged Debt<br>Service Funds | Limited Tax<br>General Obligation<br>Bonds (LTGO) | Net General<br>Bonded Debt |
| 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<br>Debt as a<br>Percentage of<br>Taxable Value | Population | Governmental<br>Debt per<br>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                              |



**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 11  
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**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%              |
| <b>Overlapping Debt:</b>                 |                       |                              |                       |                 |                    |
|  | 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%                        | -                     |                 |                    |
| <b>Total Overlapping Debt</b>            | <b>428,825,136</b>    |                              | <b>40,655,601</b>     | <b>700</b>      | <b>1.11%</b>       |
| <b>Total Direct and Overlapping Debt</b> | <b>\$ 542,839,358</b> |                              | <b>\$ 154,669,823</b> | <b>\$ 2,664</b> | <b>4.21%</b>       |

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

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



**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 13  
 UNAUDITED

**Debt Capacity Information**

 Pledged Revenue Coverage  
 Last Eight Fiscal Years

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

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| 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%                |                      |      |                      |
| <b>Total</b>                    |                        | <b><u>14,058</u></b> |      | <b><u>38.06%</u></b> | <b><u>13,499</u></b> |      | <b><u>34.12%</u></b> |

Note \*\* formally William Beaumont Hospital

Source: Royal Oak Finance Department

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 16  
 UNAUDITED

**Operating Information**

 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

| Function / Program   | 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 <i>(*Beginning in 2022, new metered kiosks were installed that control multiple physical parking spaces.)</i> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 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.          |
| Indoor ice skating surfaces  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  |
| Tennis / Pickball courts   | 31/2<br>pickleball | 30/2<br>pickleball | 30/2<br>pickleball | 30/2<br>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**

| <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 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%       | *           |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 7,154       | 6,881       | 7,103       | 6,821       | 5,555       | *           |
| 1,644       | 1,839       | 1,960       | 1,697       | 1,591       | *           |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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     | *           |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 28,025      | 28,049      | 28,027      | 28,137      | 28,080      | 28,063      |
| 14,705      | 14,597      | 11,764      | 10,349      | 8,003       | 4,167       |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 2,904       | 2,090       | 2,888       | 2,551       | 2,509       | 2,559       |
| \$155,516   | \$111,755   | \$142,857   | \$90,777    | \$200,416   | \$87,635    |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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     | *           |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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       |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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

**Schedule 17**  
**UNAUDITED**

| <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 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      |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 11,000      | 2,700       | 7,536       | 8,000       | 8,978       | 9,746       |
| 16,300      | 8,000       | 15,880      | 16,280      | 16,377      | 13,849      |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 15,327      | 21,950      | 19,525      | 23,300      | 36,620      | 29,978      |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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         |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 7.00        | 3.82        | 6.48        | 4.40        | 6.35        | 8.39        |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 86,126      | 58,553      | 85,984      | 91,699      | 54,996      | 101,657     |
| 25,447      | 4,505       | 2,388       | 2,953       | 1,188       | 8,550       |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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       |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 1,497       | 15,309      | 7,294       | 14,280      | 5,095       | 10,483      |
| 20          | (1,053)     | 2,255       | 4,589       | 1,614       | -           |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| -           | 1,887       | 383         | -           | 121         | 829         |
| -           | 1,212       | 83          | 254         | 50          | -           |
| <br>        | <br>        | <br>        | <br>        | <br>        | <br>        |
| 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.

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 18  
 UNAUDITED

**Operating Information**

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

| Function/Program                        | Fiscal Year Ending June 30, |      |      |      |      |      |      |      |       |      |
|---|-----------------------------|------|------|------|------|------|------|------|-------|------|
|   | 2015                        | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023  | 2024 |
| <b>44th District Court/Probation</b>    | 22                          | 29   | 29   | 29   | 30   | 30   | 30   | 30   | 34    | 36   |
| <b>Administrative Services</b>          |                             |      |      |      |      |      |      |      |       |      |
| 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    | 8    | 8    | 8    | 8     | 8    |
| Assessing                               | 4                           | 4    | 4    | 4    | 4    | 5    | 4    | 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                                | 64                          | 70   | 71   | 76   | 79   | 78   | 81   | 81   | 81    | 83   |
| <b>Library</b>                          | 9                           | 8    | 8    | 8    | 9    | 9    | 9    | 13   | 15    | 17   |
| <b>Public Safety</b>                    |                             |      |      |      |      |      |      |      |       |      |
| Police                                  | 97                          | 98   | 98   | 98   | 98   | 98   | 98   | 98   | 98    | 99   |
| Fire                                    | 56                          | 56   | 56   | 56   | 56   | 56   | 56   | 57   | 64    | 64   |
| Subtotal                                | 153                         | 154  | 154  | 154  | 154  | 154  | 154  | 155  | 162   | 163  |
| <b>Recreation &amp; Public Services</b> |                             |      |      |      |      |      |      |      |       |      |
| 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                                | 56                          | 59   | 59   | 63   | 63   | 63   | 65   | 69   | 70    | 71   |
| Total                                   | 304                         | 320  | 321  | 330  | 335  | 334  | 339  | 348* | 362** | 370  |

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