

City of  
Royal Oak,  
Michigan



Year Ended  
June 30, 2025

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**

*City Manager*

Joseph Gacioch

*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 3, 2025

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, 2025. The City of Royal Oak Charter and State statute require that the City of Royal Oak issue a report annually, within six months of the close of each fiscal year, on its financial position and activity, and that this report be audited by an independent firm of licensed certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with city's management. With the resources provided, city management has established a balanced internal control framework that is designed both to protect the government's assets from theft, misuse, and loss and to accumulate sufficient reliable information for the preparation of the city's financial statements in compliance with GAAP (Generally Accepted Accounting Principles). Due to the understanding that the cost of internal controls should not outweigh the benefit, the city's internal control methods have been designed to provide reasonable assurance that the financial statements are free from material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the city.

The financial statements and supplemental schedules contained in the financial section herein have been independently audited by Rehmann Robson LLC, Certified Public Accountants. The city has received an unmodified opinion for the June 30, 2025 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 of Royal Oak is a mature and largely built-out community that continues to experience steady reinvestment and redevelopment. In recent years, substantial growth has occurred through infill development, adaptive reuse, and redevelopment of existing sites. Commercial activity has been particularly strong in the downtown district and along key commercial corridors, where investment has continued to modernize the built environment and enhance the city's economic vitality.

During fiscal year 2024–2025, the City issued approximately 160 Certificates of Occupancy for new commercial and mixed-use properties, underscoring the strength of local business activity, tenant turnover, and reuse of existing spaces. Combined commercial and industrial property values grew by 3.77%, representing an estimated \$26 million increase in taxable value.

The City's total taxable value for 2024 was \$3,895,551,960. This reflects an increase of \$217.8 million, or 5.92%, reflecting sustained investor confidence and a healthy local economy. For fiscal year 2024-2025, the city's assessed taxable value consists of 76.70 percent residential property value, 17.28 percent commercial property, 1.35 percent industrial property and 4.67 percent personal property. The industrial, commercial and residential values have vacant values included in the percentages. All of the property categories experienced growth in taxable value, in dollars, year over year with the exception of personal property values, which decreased by 7.23% from the previous year.

Consistent with City Commission priorities, mixed-use residential development remains a central focus of Royal Oak's economic development strategy. Recently, the Commission approved two downtown projects expected to deliver 270 new residential units, 111 of which will be priced at affordable or attainable levels—furthering the City's commitment to housing diversity and inclusive growth.

Households in Royal Oak have a median annual income of approximately \$95,182, which is about 34 percent higher than the statewide median and significantly above the national median of \$70,784. The city continues to demonstrate a strong local economy with an unemployment rate of 2.2 percent (August 2025), below Oakland County's unemployment rate of 3.6% (May 2025) and also below Michigan's statewide unemployment rate.

Housing values remain strong in the current market. The median value of an owner-occupied home is \$305,900, and the homeownership rate is 66.4 percent, closely aligning with national levels. The median gross rent, according to the most recent American Community Survey, remains below the previously reported \$1,862 per month but continues to reflect strong demand for rental housing in the region. currently under construction as of November 2024. Another 223 units with 115,866 square feet have been approved.

Royal Oak also benefits from a highly educated workforce, with 62.6 percent of residents holding a bachelor's degree or higher, compared with 50.2 percent in Oakland County and 31.8 percent statewide. This educational attainment contributes to higher-than-average wages and supports a diverse and resilient employment base. The city is home to an estimated 2,697 businesses across a broad range of sectors. The top industries employing Royal Oak residents include manufacturing (approximately 6,902 jobs), professional, scientific, and technical services (5,896), health care and social assistance (5,341), educational services (2,835), and finance and insurance (2,776). Our top employers are Corewell Health/William Beaumont Hospital, Consumers Energy, DTE Energy, the Royal Oak Public School District, and the City of Royal Oak.

## **Transportation**

One of Royal Oak's enduring competitive advantages is its centralized position within the metropolitan Detroit transportation network. The City is bisected by Interstate 75, which provides vital north-south connectivity and direct access to the City of Detroit, while Interstate 696 offers convenient east-west access across the greater metro region. Woodward Avenue — one of the nation's most iconic thoroughfares — connects the heart of Detroit through 12 communities, including Royal Oak, before terminating in the Oakland County seat of Pontiac.

Royal Oak continues to play an active leadership role in shaping regional mobility. The City chairs an advisory committee to the Michigan Department of Transportation (MDOT), which is developing an updated Woodward Avenue corridor plan focused on pedestrian safety, multimodal access, and a "safe streets for all" philosophy.

Downtown Royal Oak is also home to one of only three SMART regional transit hubs in the metropolitan area, strategically located adjacent to one of the few Amtrak passenger rail stations on the Chicago–Pontiac line. This unique combination of transit services enhances connectivity for residents, commuters, and visitors alike.

Looking ahead, the City Commission has approved funding for an updated Complete Streets plan, which will further advance Royal Oak's commitment to safe, accessible, and multimodal transportation. The updated plan is expected to be completed by the end of fiscal year 2027.

## **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 24-25 general fund fund balance increased by \$1.29 million as opposed to \$2.64 million of fund balance budgeted, mostly due to an increase in interest and rental revenues and lower expenditures due to personnel vacancies, lower than anticipated transfers out to offset enterprise fund shortfalls, and delays in capital purchases impacted by transition in staffing. The year ended with unassigned general fund fund balance of \$11.96 million. Transfers out of the general fund consisted of \$24.50 million to the public safety fund to cover annual operating costs; \$2.21 million for the seventh year of Royal Oak Civic Center debt payments; \$500,000 to the auto parking fund for a portion of proceeds related to ticket revenue collected; \$150,000 to fund senior center future capital projects; \$22,870 for the city's share of the indigent defense fund, \$121,000 to the recreation fund to support operations and activities, \$119,000 to the ice arena fund to subsidize capital repairs and operations, \$1,500 for the commission for the arts and Memorial Day parade, and \$165,180 to subsidize the animal shelter operations.

## **Long-term Financial Planning**

During the budget process Finance and City administration prepared a four year projection and 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 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 \$197,456,393 million of city share of capital costs.

## **Financial Policies**

The city commission has financial policies covering attrition, capital assets, capital improvement projects, debt management, fund balance, investments and retirement contributions.

## **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.

The city budget is adopted by the city commission on an annual basis. The finance director position is authorized by budget resolution to make transfers within appropriation centers. All other transfers between funds may be made only by further action by the city commission. The city commission may make additional appropriations during the fiscal year for unanticipated expenditures required of the city. The city commission may also re-appropriate funds among appropriation centers. The annual budget resolution authorizes the finance director position to administratively adjust line-item budgets within a fund and appropriation centers.

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 function 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 regular 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 based product 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 \$1,489,251 in federal grant funds. Of this amount, \$1,389,802 is related to the Community Development Block Grant, which has increased by \$208,530 from the previous year.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Royal Oak for its annual comprehensive financial report for the fiscal year ended June 30, 2024. 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, 2025. 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, Rebecca Chase, Senior Accountant, and the balance of the finance department and treasury staff.

Respectfully submitted,

A handwritten signature in black ink that reads "Kymberly Coy".

Kymberly Coy  
Finance Director

Approved,

A handwritten signature in black ink that reads "Joseph Gacioch".

Joseph Gacioch  
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

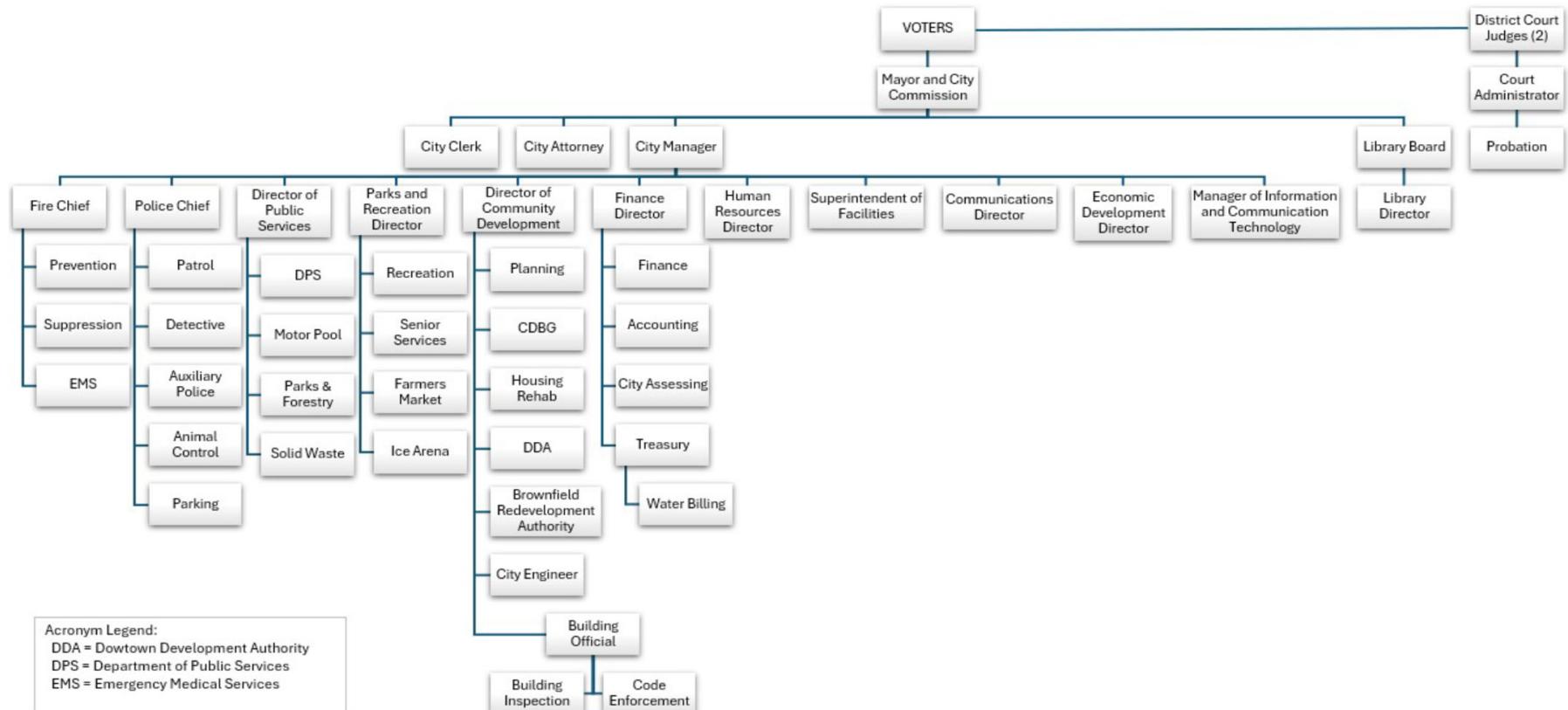
June 30, 2024

*Christopher P. Morill*  
Executive Director/CEO

# CITY OF ROYAL OAK, MICHIGAN

## Organization Chart

As of June 30, 2025



# **CITY OF ROYAL OAK, MICHIGAN**

## **Principal Officials**

As of June 30, 2025

City Manager	Joseph Gacioch
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
Communications Director	Kara Sokol
Court Administrator	Tami Bone
Deputy City Manager	Susan Barkman
Fire Chief	James Cook
Human Resources Director	Dennis Van de Laar
Information Technology Manager	Christopher Gomez
Library Director	Sandy Irwin
Parks & Recreation Director	Nicole McEachern
Planning Director	Joseph Murphy
Public Services Director	Kevin Yee

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

December 3, 2025

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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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



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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 3, 2025, 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, 2025. 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	\$ 342,286,988
· Change in total net position	29,600,230
· Fund balances, governmental funds	58,984,880
· Change in fund balances, governmental funds	986,698
· Unassigned fund balance, general fund	11,962,717
· Change in fund balance, general fund	1,290,905
· Installment debt outstanding	140,711,639
· Change in installment debt	(8,214,352)

### 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 three other major funds: public safety, major streets and state construction code. 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. The city's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$342,286,988, an increase of \$29,600,230, or 9.5 percent. The increase in net position can be primarily attributed to the city's increase in the net OPEB asset and increased investments in infrastructure, including roads and water and sewer mains, as well as investments and other capital assets.

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.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 150,207,663	\$ 141,165,974	\$ 33,166,912	\$ 26,728,014	\$ 183,374,575	\$ 167,893,988
Capital assets, net	290,233,827	279,951,644	151,386,619	151,445,240	441,620,446	431,396,884
<b>Total assets</b>	<b>440,441,490</b>	<b>421,117,618</b>	<b>184,553,531</b>	<b>178,173,254</b>	<b>624,995,021</b>	<b>599,290,872</b>
<b>Deferred outflows of resources</b>	<b>7,646,936</b>	<b>9,163,464</b>	<b>393,274</b>	<b>491,528</b>	<b>8,040,210</b>	<b>9,654,992</b>
Long-term liabilities	223,404,972	229,358,201	34,850,945	38,761,091	258,255,917	268,119,292
Other liabilities	17,326,468	18,374,855	3,659,248	3,846,567	20,985,716	22,221,422
<b>Total liabilities</b>	<b>240,731,440</b>	<b>247,733,056</b>	<b>38,510,193</b>	<b>42,607,658</b>	<b>279,241,633</b>	<b>290,340,714</b>
<b>Deferred inflows of resources</b>	<b>10,602,935</b>	<b>5,110,010</b>	<b>903,675</b>	<b>808,382</b>	<b>11,506,610</b>	<b>5,918,392</b>
Net position:						
Net investment in capital assets	257,090,896	245,244,364	128,434,430	124,525,508	385,525,326	369,769,872
Restricted	87,614,356	74,560,594	4,466,281	3,592,204	92,080,637	78,152,798
Unrestricted (deficit)	(147,951,201)	(142,366,942)	12,632,226	7,131,030	(135,318,975)	(135,235,912)
<b>Total net position</b>	<b>\$ 196,754,051</b>	<b>\$ 177,438,016</b>	<b>\$ 145,532,937</b>	<b>\$ 135,248,742</b>	<b>\$ 342,286,988</b>	<b>\$ 312,686,758</b>

An additional 26.9% of the city's net position represents resources that are subject to external restrictions on how they may be used. The city reported an unrestricted net position deficit of \$135,318,975, which increased by \$83,063 compared to the prior year. This change reflects a \$5,584,259 increase in the unrestricted net position deficit of governmental activities, partially offset by a \$5,501,196 increase in the unrestricted net position of business-type activities.

#### Governmental Activities

Governmental activities increased the city's net position by \$19,316,035 in the current year, compared to an increase of \$58,851,406 in the prior year, a difference of \$39,535,371. As noted above, this change is primarily attributable to an increase in the net OPEB asset, the net pension liability, and related deferred amounts. Operating grants decreased from the prior year mostly due to ARPA revenue being fully expended in the prior year and the increase in property taxes is due to increases in taxable value. The significant variance in expenditures for governmental activities shown below are primarily attributable to the shifts in these pension and postemployment obligations. The city also made enhanced investments in infrastructure during fiscal year 2025.

## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### *Business-type Activities*

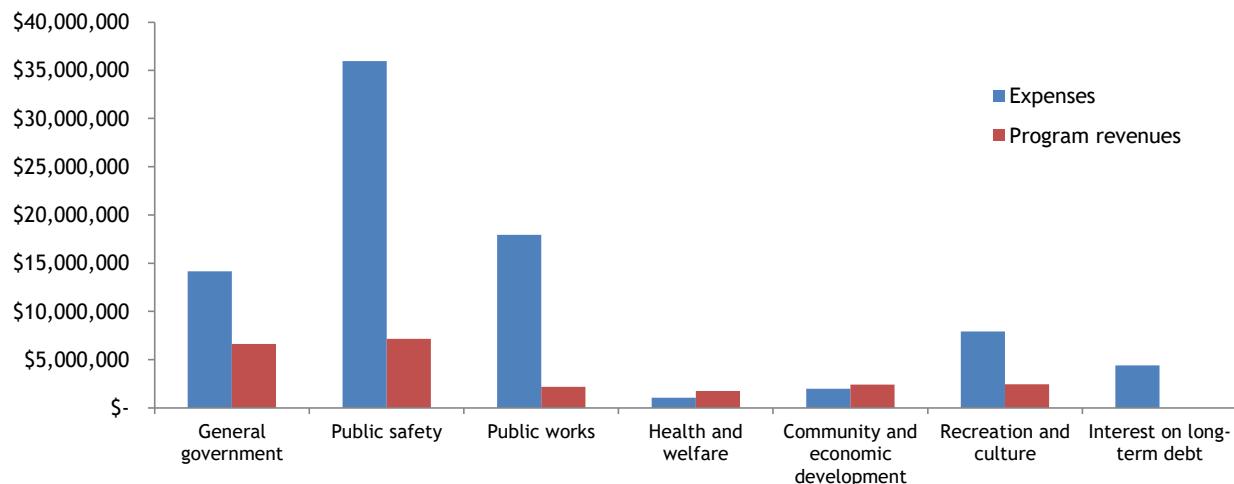
Business-type activities increased the city's net position by \$10,284,195, compared to an increase of \$17,757,528 in the prior year, a difference of \$7,473,333. This year's increase was primarily driven by the change in the net OPEB asset and pension liability, and the transfer of ARPA-enabled capital project funds to the water and sewer fund. Further detailed analysis of fund results for the city's major enterprise funds is provided under the financial analysis of the city's funds.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Program revenues:</b>						
Charges for services	\$ 16,262,355	\$ 15,347,212	\$ 41,993,715	\$ 40,166,812	\$ 58,256,070	\$ 55,514,024
Operating grants	5,436,084	16,703,116	1,558,623	2,559,103	6,994,707	19,262,219
Capital grants	872,862	1,235,991	-	32,602	872,862	1,268,593
<b>General revenues:</b>						
Property taxes	64,498,941	59,732,005	202,483	2,077,281	64,701,424	61,809,286
State shared revenues	17,515,937	16,627,823	-	-	17,515,937	16,627,823
Other	2,778,741	2,428,810	-	-	2,778,741	2,428,810
<b>Total revenues</b>	<b>107,364,920</b>	<b>112,074,957</b>	<b>43,754,821</b>	<b>44,835,798</b>	<b>151,119,741</b>	<b>156,910,755</b>
<b>Expenses:</b>						
General government	14,164,982	7,833,214	-	-	14,164,982	7,833,214
Public safety	35,966,451	13,428,958	-	-	35,966,451	13,428,958
Public works	17,941,679	15,229,444	-	-	17,941,679	15,229,444
Health and welfare	1,044,208	78,868	-	-	1,044,208	78,868
Community and economic development	1,990,057	(855,731)	-	-	1,990,057	(855,731)
Recreation and culture	7,920,584	5,585,268	-	-	7,920,584	5,585,268
Interest on long-term debt	4,406,965	4,571,998	-	-	4,406,965	4,571,998
Water and sewer	-	-	29,615,711	26,387,033	29,615,711	26,387,033
Parking	-	-	4,978,974	5,137,775	4,978,974	5,137,775
Recreation	-	-	2,845,361	2,332,519	2,845,361	2,332,519
Farmers market	-	-	644,539	572,475	644,539	572,475
<b>Total expenses</b>	<b>83,434,926</b>	<b>45,872,019</b>	<b>38,084,585</b>	<b>34,429,802</b>	<b>121,519,511</b>	<b>80,301,821</b>
<b>Change in net position, before transfers</b>						
	23,929,994	66,202,938	5,670,236	10,405,996	29,600,230	76,608,934
<b>Transfers</b>	<b>(4,613,959)</b>	<b>(7,351,532)</b>	<b>4,613,959</b>	<b>7,351,532</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>19,316,035</b>	<b>58,851,406</b>	<b>10,284,195</b>	<b>17,757,528</b>	<b>29,600,230</b>	<b>76,608,934</b>
<b>Net position:</b>						
Beginning of year	177,438,016	118,586,610	135,248,742	117,491,214	312,686,758	236,077,824
<b>End of year</b>	<b>\$ 196,754,051</b>	<b>\$ 177,438,016</b>	<b>\$ 145,532,937</b>	<b>\$ 135,248,742</b>	<b>\$ 342,286,988</b>	<b>\$ 312,686,758</b>

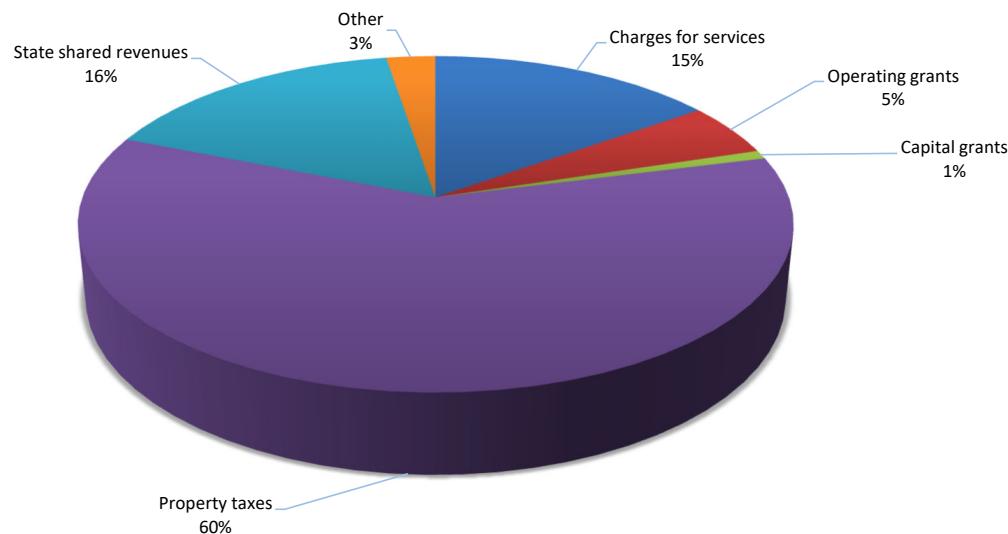
## CITY OF ROYAL OAK, MICHIGAN

### Management's Discussion and Analysis

#### Expenses and Program Revenues - Governmental Activities



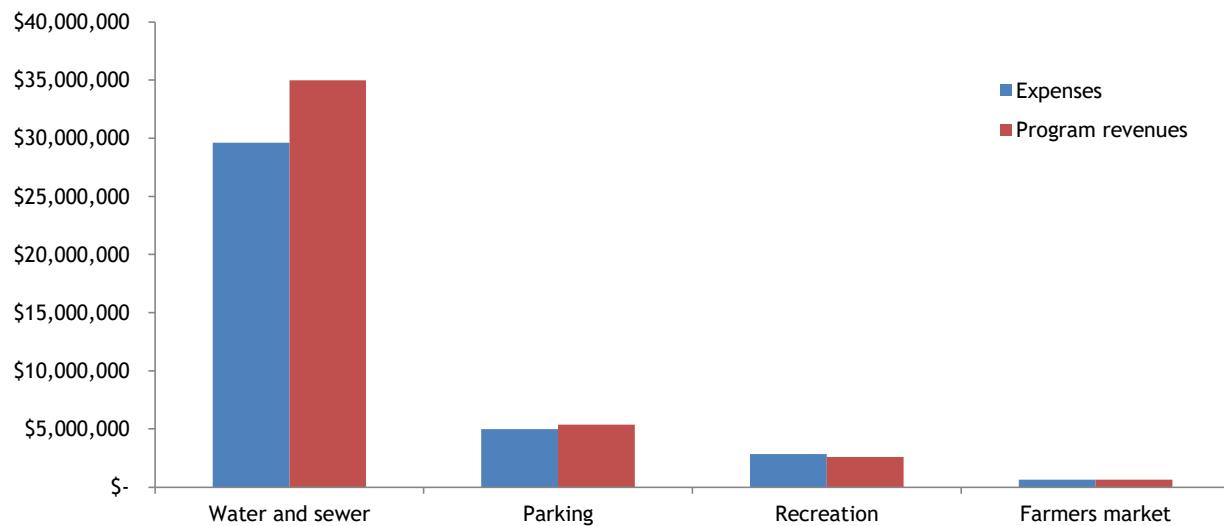
#### Revenues by Source - Governmental Activities



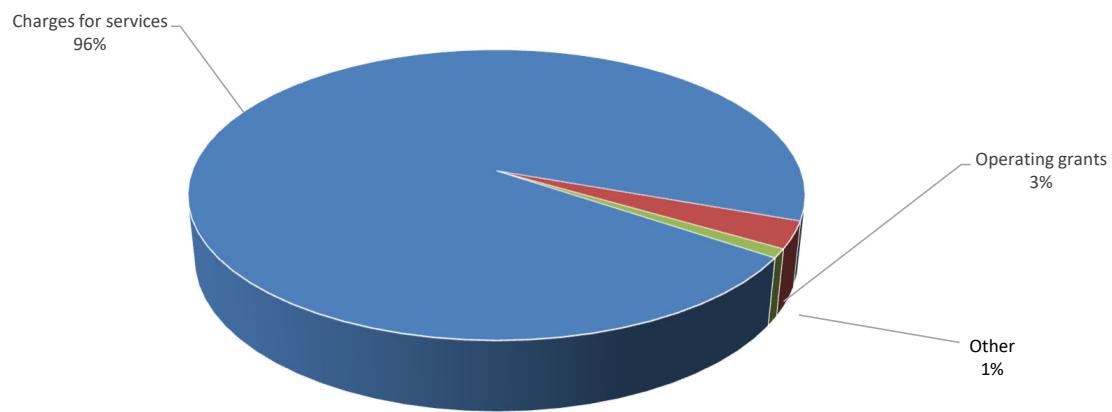
## CITY OF ROYAL OAK, MICHIGAN

### 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 \$58,984,880. Of this amount, \$43,928,501 is legally restricted, committed and/or unavailable to spend (e.g. amounts tied up in inventories), \$3,093,662 is assigned for eligible retiree bank payouts and public safety, leaving \$11,962,717 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 \$550,063 positive final budget variance. Interest and rental revenues produced the largest positive variance of \$766,517, mostly due to interest income being conservatively budgeted due to the uncertainty of the economic forecast. The increase was partially offset by shortfalls in multiple accounts by small amounts including licenses and permits, state grants, property taxes, contributions and donations, other revenues, and charges for services totaling \$255,524. Expenditures were \$2,979,792 below the final budget, with the largest contributor being capital outlay projects that were delayed due to transitions in key management positions, or had timing differences in completion and are being carried into the new fiscal year. The expenditure variance was also due to various personnel vacancies and attrition in general government functions, and lower than anticipated activity in operating expenditures such as contracted services for legal and advisory counsel. Transfers out from the general fund to some enterprise funds, such as the ice arena were also lowered as program revenues came in higher than initially forecasted.

The fund balance of the city's general fund increased by \$1,290,905 during the current fiscal year, however the original budget included \$2,691,379 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. Overall, the city had revenue of \$50,766,839 for fiscal year 2025, which represented a decrease of \$1,090,442. However, the city carefully controlled expenditures through conservative budgeting practices as described above and was able to maintain an essentially flat total expenditure amount of \$21,736,597 (down \$55,766 from the prior year). By also carefully managing unrestricted transfers out to other funds the city was able to report a positive net change in fund balance as described above.

At the end of the current fiscal year, the general fund's unassigned fund balance was \$11,962,717, while the total fund balance was \$13,824,973. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures and transfers out. The city's unassigned fund balance represents 24.2 percent of total general fund expenditures and transfers out.

#### Public Safety Fund

While the public safety fund balance declined \$167,455 to \$2,554,776, this represents a positive final budget variance of \$913,177. The variance in expenditures, which exceeded budget by \$815,361, was due almost entirely to recording the subscription-based information technology agreement for the police technology being used at the end of the fiscal year that was not originally budgeted for. The impact was reduced by other expenditure savings during the year as less police overtime wages were incurred, vacancies in the fire department, and contract settlements all led to lower personnel costs.

#### Major Streets Fund

The major streets fund has a total fund balance of \$2,619,073, which is an increase of \$149,429 for the year, however the final budget included a \$423,000 planned use of fund balance. Revenues were higher than originally budgeted by \$1,182,509 mostly due to an increase in property tax revenues and Act 51 distributions which were originally budgeted based on estimates. The road millage was approved for another ten years (2025-2034) and restored at the full millage rate of 2.5-mil with a focus on major roads. The increase was partially offset by total expenditures for the year, which exceeded the budget by \$614,906 due to overages and timing in planned construction projects. This resulted in a final positive surplus of \$572,429 for the year resulting in an overall increase in fund balance.

#### State Construction Code Fund

The state construction code fund ended the year with a fund balance of \$17,890,237, with a total increase in net position of \$1,491,145. 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 \$641,972.

#### Water and Sewer Fund

Unrestricted net position of the water and sewer fund at the end of the fiscal year was \$5,114,775, with a total increase in net position of \$9,226,838. Factors contributing to the increase in net position include a transfer in of ARPA-enabled capital project funds of \$4 million, an increase in the net OPEB asset, a decrease in the net pension liability, and a delay in certain capital projects which were initially budgeted and expected to be completed in fiscal year 2025.

## 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 \$1,335,757. The total increase in net position for this fund was \$858,359, which was primarily the result of reduced expenditures during the year from the negotiated parking contract termination which included a revenue sharing agreement, offset by a transfer in from the general fund of \$500,000.

#### Capital Assets and Debt Administration

##### *Capital Assets*

The city's investment in capital assets for its governmental and business-type activities amounts to \$441,620,446 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the city's investment in capital assets for the current fiscal year was 2.4 percent.

	Capital Assets							
	Governmental Activities		Business-type Activities		Total			
	2025	2024	2025	2024	2025	2024		
Land	\$ 66,791,625	\$ 66,791,625	\$ 8,902,503	\$ 8,902,503	\$ 75,694,128	\$ 75,694,128		
Construction in progress	14,792,574	26,433,144	6,579,687	8,690,125	21,372,261	35,123,269		
Buildings	41,908,833	43,125,997	38,580,719	40,023,025	80,489,552	83,149,022		
Improvements other than buildings	22,797,442	21,812,600	221,081	239,001	23,018,523	22,051,601		
Machinery and equipment	11,414,139	8,855,007	343,800	362,970	11,757,939	9,217,977		
Infrastructure	130,126,886	111,946,033	96,758,829	93,227,616	226,885,715	205,173,649		
Intangibles	59,796	62,391	-	-	59,796	62,391		
Lease easement property	-	3,147	-	-	-	3,147		
Lease equipment	18,320	27,479	-	-	18,320	27,479		
Subscription assets	2,324,212	894,221	-	-	2,324,212	894,221		
<b>Total</b>	<b>\$ 290,233,827</b>	<b>\$ 279,951,644</b>	<b>\$ 151,386,619</b>	<b>\$ 151,445,240</b>	<b>\$ 441,620,446</b>	<b>\$ 431,396,884</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 \$147,101,701. Of this amount, \$119,775,009 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. \$18,085,000 of debt is the balance of revenue bonds for two parking structures. Another \$660,640 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	
	2025	2024	2025	2024	2025	2024
Limited general obligation bonds	\$ 105,476,769	\$ 111,007,681	\$ 14,298,240	\$ 16,307,326	\$ 119,775,009	\$ 127,315,007
Revenue bonds	-	-	18,085,000	19,975,000	18,085,000	19,975,000
Contractual obligations	-	-	660,640	842,980	660,640	842,980
Compensated absences	5,031,040	4,525,430	241,810	208,631	5,272,850	4,734,061
General liability claims	817,130	928,750	-	-	817,130	928,750
Workers compensation claims	158,984	200,200	-	-	158,984	200,200
Unamortized premium	2,095,870	2,213,537	236,218	305,379	2,332,088	2,518,916
Total	<u>\$ 113,579,793</u>	<u>\$ 118,875,598</u>	<u>\$ 33,521,908</u>	<u>\$ 37,639,316</u>	<u>\$ 147,101,701</u>	<u>\$ 156,514,914</u>

The city's total debt decreased by \$9,413,213 (6.0% 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 decreases in workers' compensation and general liability claims.

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 \$477,924,951 (10 percent of \$4,779,249,510 assessed valuation). The city's total debt subject to the 10 percent legal limit amounts to \$122,107,094 or 2.55 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

Unassigned fund balance in the general fund increased by approximately \$1.11 million to \$11.96 million. This unassigned fund balance for the general fund is approximately 23.2 percent of expenditures and transfers out for the 2025-26 fiscal year, which is within the target fund balance range. The city's original budget for fiscal year 2025-2026 plans \$1,297,523 use of fund balance.

For the 2025-2026 fiscal year, water and sewerage rates are \$15.95 per unit per billing period (\$5.77 water + \$10.18 sewer = \$15.95). Accounts are billed four times annually and there are thirteen billing cycles. In addition, all customers pay a flat readiness to serve fee based on meter size. Meters sized 5/8", 3/4", and 1" meters are charged \$17.00 per billing period. Over 95% of meters in Royal Oak are these three sizes. 1.5" meters will be charged \$34.00 per billing period, and the rate is incrementally increased as increase in size up to 10" in diameter. All fees are published in the city's annual Master Administrative Fee Schedule available online. A drain debt millage is being levied for the seventh year at a rate is 0.0502 mills, down from 0.0520 mills levied the year prior.

In addition, the building permit rates will continue to remain discounted as the state construction fund's OPEB and pension trust fund costs have decreased as the fund contributed for its share of the unfunded liabilities, as well as advance payment for its share of the new city hall building in recent years. A new program known as the Residential Enhancement & Neighborhood Opportunity (RENO) program established in 2025 will further reduce fees for qualified applicants which should have a beneficial impact on residents and the net impact on rates. In October of 2025, the city also began working with consultants to conduct a development services user fee study. Upon commencement of the study the city will establish a fee structure that more accurately aligns fees with costs to reflect services rendered in accordance with mandated statutory policies. The 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, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets</b>				
Cash and investments	\$ 94,015,635	\$ 10,168,765	\$ 104,184,400	\$ 3,265,319
Receivables, net	10,055,599	11,203,756	21,259,355	93,523
Deposits and other assets	1,894,144	11,276	1,905,420	100,000
Internal balances	(6,797,798)	6,797,798	-	-
Inventories	397,399	519,036	916,435	-
Restricted assets, cash	1,084	-	1,084	-
Net other postemployment benefit asset	50,641,600	4,466,281	55,107,881	344,797
Capital assets not being depreciated	81,584,199	15,482,190	97,066,389	842,975
Capital assets being depreciated/amortized, net	208,649,628	135,904,429	344,554,057	246,351
<b>Total assets</b>	<b>440,441,490</b>	<b>184,553,531</b>	<b>624,995,021</b>	<b>4,892,965</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	15,873	299,047	314,920	-
Deferred pension amounts	7,631,063	94,227	7,725,290	9,462
<b>Total deferred outflows of resources</b>	<b>7,646,936</b>	<b>393,274</b>	<b>8,040,210</b>	<b>9,462</b>
<b>Liabilities</b>				
Accounts payable	4,840,181	2,989,459	7,829,640	163,150
Accrued and other liabilities	3,673,773	630,545	4,304,318	20,130
Cash bonds and deposits	5,581,919	6,580	5,588,499	-
Unearned revenue	3,230,595	32,664	3,263,259	-
Bonds, notes and other long-term liabilities:				
Due within one year	9,356,903	4,379,595	13,736,498	1,000
Due in more than one year	106,413,880	29,142,313	135,556,193	745
Net pension liability (due in more than one year)	107,634,189	1,329,037	108,963,226	133,467
<b>Total liabilities</b>	<b>240,731,440</b>	<b>38,510,193</b>	<b>279,241,633</b>	<b>318,492</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	5,470,155	67,544	5,537,699	6,783
Deferred other postemployment benefit amounts	3,568,214	314,695	3,882,909	24,294
Deferred lease amounts	1,564,566	521,436	2,086,002	-
<b>Total deferred inflows of resources</b>	<b>10,602,935</b>	<b>903,675</b>	<b>11,506,610</b>	<b>31,077</b>
<b>Net position</b>				
Net investment in capital assets	257,090,896	128,434,430	385,525,326	1,089,326
Restricted for:				
Public, Educational, and Government				
Access ("PEG") fees	1,121,782	-	1,121,782	-
Highways and streets	8,992,569	-	8,992,569	-
Solid waste	2,218,643	-	2,218,643	-
Recreation and culture	3,202,310	-	3,202,310	-
Public safety	18,581,440	-	18,581,440	-
Grants	1,919,928	-	1,919,928	-
Indigent defense	33,797	-	33,797	-
Capital projects	889,234	-	889,234	-
Other postemployment benefits	50,641,600	4,466,281	55,107,881	344,797
Permanent fund:				
Expendable	11,969	-	11,969	-
Non-expendable	1,084	-	1,084	-
Unrestricted (deficit)	(147,951,201)	12,632,226	(135,318,975)	3,118,735
<b>Total net position</b>	<b>\$ 196,754,051</b>	<b>\$ 145,532,937</b>	<b>\$ 342,286,988</b>	<b>\$ 4,552,858</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, 2025

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
<b>Primary government</b>								
Governmental activities:								
General government	\$ 14,164,982	\$ 6,330,506	\$ 291,316	\$ -	\$ (7,543,160)			
Public safety	35,966,451	5,433,456	1,590,464	134,632	(28,807,899)			
Public works	17,941,679	864,009	560,448	738,230	(15,778,992)			
Health and welfare	1,044,208	1,756,502	-	-	712,294			
Community and economic development	1,990,057	243,716	2,181,728	-	435,387			
Recreation and culture	7,920,584	1,634,166	812,128	-	(5,474,290)			
Interest on long-term debt	4,406,965	-	-	-	(4,406,965)			
Total governmental activities	<u>83,434,926</u>	<u>16,262,355</u>	<u>5,436,084</u>	<u>872,862</u>	<u>(60,863,625)</u>			
Business-type activities:								
Water and sewer	29,615,711	34,831,857	145,345	-	5,361,491			
Parking	4,978,974	3,988,239	1,377,624	-	386,889			
Recreation	2,845,361	2,570,914	13,082	-	(261,365)			
Farmers market	644,539	602,705	22,572	-	(19,262)			
Total business-type activities	<u>38,084,585</u>	<u>41,993,715</u>	<u>1,558,623</u>	<u>-</u>	<u>5,467,753</u>			
<b>Total primary government</b>	<b><u>\$ 121,519,511</u></b>	<b><u>\$ 58,256,070</u></b>	<b><u>\$ 6,994,707</u></b>	<b><u>\$ 872,862</u></b>	<b><u>\$ (55,395,872)</u></b>			
<b>Component units</b>								
Tax Increment Financing Authority	\$ 6,173,161	\$ -	\$ 306,821	\$ -	\$ (5,866,340)			
Downtown Development Authority	67,854	-	-	-	(67,854)			
Brownfield Redevelopment Authority	577,691	-	-	-	(577,691)			
<b>Total component units</b>	<b><u>\$ 6,818,706</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 306,821</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (6,511,885)</u></b>			

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Changes in net position</b>				
Net (expense) revenue	\$ (60,863,625)	\$ 5,467,753	\$ (55,395,872)	\$ (6,511,885)
General revenues:				
Property taxes	64,498,941	202,483	64,701,424	7,256,600
Unrestricted state shared revenues	17,515,937	-	17,515,937	-
Unrestricted investment earnings	2,388,458	-	2,388,458	197,094
Gain on sale of capital assets	199,661	-	199,661	-
Miscellaneous	190,622	-	190,622	-
Transfers	(4,613,959)	4,613,959	-	-
Total general revenues and transfers	80,179,660	4,816,442	84,996,102	7,453,694
<b>Change in net position</b>				
Net position, beginning of year	19,316,035	10,284,195	29,600,230	941,809
	177,438,016	135,248,742	312,686,758	3,611,049
<b>Net position, end of year</b>	<b>\$ 196,754,051</b>	<b>\$ 145,532,937</b>	<b>\$ 342,286,988</b>	<b>\$ 4,552,858</b>

concluded.

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

## CITY OF ROYAL OAK, MICHIGAN

### Balance Sheet

Governmental Funds  
June 30, 2025

	General	Public Safety	Major Streets	State Construction Code
<b>Assets</b>				
Cash and investments	\$ 17,898,241	\$ 3,754,546	\$ 3,345,952	\$ 17,951,322
Receivables, net	2,680,075	1,073,461	57,068	-
Due from other governmental units	1,236,997	-	1,000,480	-
Due from other funds	250,656	-	-	-
Prepaid items	85,809	-	13,292	-
Inventories	-	-	216,519	-
Restricted assets, cash	-	-	-	-
<b>Total assets</b>	<u>\$ 22,151,778</u>	<u>\$ 4,828,007</u>	<u>\$ 4,633,311</u>	<u>\$ 17,951,322</u>
<b>Liabilities</b>				
Accounts payable	\$ 699,671	\$ 192,424	\$ 1,798,691	\$ 3,757
Accrued and other liabilities	435,554	1,272,178	169,140	57,328
Due to other funds	-	-	-	-
Cash bonds and deposits	5,579,269	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<u>6,714,494</u>	<u>1,464,602</u>	<u>1,967,831</u>	<u>61,085</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	47,745	808,639	46,407	-
Deferred lease amounts	1,564,566	-	-	-
<b>Total deferred inflows of resources</b>	<u>1,612,311</u>	<u>808,639</u>	<u>46,407</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable:				
Prepaid items	85,809	-	13,292	-
Inventories	-	-	216,519	-
Endowment	-	-	-	-
Restricted:				
PEG fees	1,121,782	-	-	-
Highways and streets	-	-	2,389,262	-
Solid waste	-	-	-	-
Recreation and culture	-	-	-	-
Public safety	-	-	-	17,890,237
Indigent defense	-	-	-	-
Grants	-	-	-	-
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
Opioid settlement	-	115,769	-	-
Committed for capital projects	-	-	-	-
Assigned:				
Eligible retiree bank payouts	654,665	374,623	-	-
Public safety	-	2,064,374	-	-
Unassigned	11,962,717	-	-	-
<b>Total fund balances</b>	<u>13,824,973</u>	<u>2,554,766</u>	<u>2,619,073</u>	<u>17,890,237</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 22,151,778</u>	<u>\$ 4,828,007</u>	<u>\$ 4,633,311</u>	<u>\$ 17,951,322</u>

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

STATEMENT OF CASH FLOWS

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

\$ 24,331,938	\$ 67,281,999
3,218,958	7,029,562
788,560	3,026,037
-	250,656
-	99,101
42,175	258,694
1,084	1,084
<hr/>	<hr/>
<u>\$ 28,382,715</u>	<u>\$ 77,947,133</u>

\$ 1,650,765	\$ 4,345,308
270,749	2,204,949
250,656	250,656
2,650	5,581,919
3,230,595	3,230,595
<hr/>	<hr/>
<u>5,405,415</u>	<u>15,613,427</u>

881,469	1,784,260
-	1,564,566
<hr/>	<hr/>
<u>881,469</u>	<u>3,348,826</u>

-	99,101
42,175	258,694
1,084	1,084
<hr/>	<hr/>
-	1,121,782
4,164,615	6,553,877
2,206,308	2,206,308
3,197,214	3,197,214
-	17,890,237
33,797	33,797
1,919,928	1,919,928
34,814	34,814
11,969	11,969
-	115,769
10,483,927	10,483,927
<hr/>	<hr/>
-	1,029,288
-	2,064,374
-	11,962,717
<hr/>	<hr/>
<u>22,095,831</u>	<u>58,984,880</u>

<hr/>	<hr/>
<u>\$ 28,382,715</u>	<u>\$ 77,947,133</u>



## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2025

<b>Fund balances for governmental funds</b>	\$ 58,984,880
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	81,584,199
Capital assets being depreciated/amortized, net	208,649,628
Less capital assets accounted for in internal service funds	(11,456,419)
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	1,784,260
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	32,331,278
Internal service fund net position accounted for in business-type activities	(6,797,798)
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	(1,069,785)
Bonds, notes and other long-term liabilities	(101,002,308)
Unamortized bond premiums	(2,089,566)
Compensated absences	(4,926,152)
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	(107,232,608)
Deferred outflows related to the net pension liability	7,602,592
Deferred inflows related to the net pension liability	(5,449,746)
Net other postemployment benefit asset	49,316,439
Deferred inflows related to the net other postemployment benefit asset	<u>(3,474,843)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 196,754,051</u></u>

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

## CITY OF ROYAL OAK, MICHIGAN

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

Governmental Funds

For the Year Ended June 30, 2025

	General	Public Safety	Major Streets	State Construction Code
<b>Revenues</b>				
Taxes	\$ 29,117,016	\$ 13,138,352	\$ 8,970,375	\$ -
Licenses and permits	1,511,662	19,691	270,449	2,786,376
Federal grants	-	-	-	-
State grants	7,858,966	180,925	6,276,636	-
Charges for services	2,905,560	2,271,441	-	-
Fines and forfeitures	5,513,776	-	-	-
Interest and rentals	2,838,767	135,300	74,880	688,749
Contributions and donations	830,470	540,750	25,139	-
Other revenue	190,622	24,079	-	15,231
<b>Total revenues</b>	<u>50,766,839</u>	<u>16,310,538</u>	<u>15,617,479</u>	<u>3,490,356</u>
<b>Expenditures</b>				
Current:				
General government	13,730,265	-	-	-
Public safety	425,655	37,555,944	-	1,990,711
Public works	1,660,346	-	8,275,052	-
Health and welfare	-	1,193,540	-	-
Community and economic development	696,247	-	-	-
Recreation and culture	2,754,280	-	-	-
Debt service:				
Principal payments	1,423,519	2,503,084	105,734	-
Interest and paying agent fees	1,046,285	1,649,325	78,000	-
<b>Total expenditures</b>	<u>21,736,597</u>	<u>42,901,893</u>	<u>8,458,786</u>	<u>1,990,711</u>
Revenues over (under) expenditures	<u>29,030,242</u>	<u>(26,591,355)</u>	<u>7,158,693</u>	<u>1,499,645</u>
<b>Other financing sources (uses)</b>				
Issuance of other long-term liabilities	-	1,807,118	-	-
Transfers in	50,294	24,616,782	24,826	-
Transfers out	(27,789,631)	-	(7,034,090)	(8,500)
<b>Total other financing sources (uses)</b>	<u>(27,739,337)</u>	<u>26,423,900</u>	<u>(7,009,264)</u>	<u>(8,500)</u>
<b>Net change in fund balances</b>	<u>1,290,905</u>	<u>(167,455)</u>	<u>149,429</u>	<u>1,491,145</u>
Fund balances, beginning of year, as previously reported	12,534,068	2,722,221	-	16,399,092
Changes within the reporting entity	-	-	2,469,644	-
Fund balances, beginning of year, as adjusted	12,534,068	2,722,221	2,469,644	16,399,092
<b>Fund balances, end of year</b>	<u>\$ 13,824,973</u>	<u>\$ 2,554,766</u>	<u>\$ 2,619,073</u>	<u>\$ 17,890,237</u>

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

<b>(Formerly Major Funds)</b>			
<i>Local Streets</i>	<i>City Capital Projects</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
		\$ 13,076,424	\$ 64,302,167
		53,665	4,641,843
		1,553,422	1,553,422
		3,603,360	17,919,887
		588,198	5,765,199
		96,153	5,609,929
		728,797	4,466,493
		1,054,198	2,450,557
		140,257	370,189
		<hr/>	<hr/>
		20,894,474	107,079,686
		959,375	14,689,640
		363,075	40,335,385
		16,735,157	26,670,555
		-	1,193,540
		1,641,833	2,338,080
		5,343,493	8,097,773
		<hr/>	<hr/>
		1,475,372	5,507,709
		1,679,855	4,453,465
		<hr/>	<hr/>
		28,198,160	103,286,147
		<hr/>	<hr/>
		(7,303,686)	3,793,539
		<hr/>	<hr/>
		-	1,807,118
		10,137,424	34,829,326
		(4,611,064)	(39,443,285)
		<hr/>	<hr/>
		5,526,360	(2,806,841)
		<hr/>	<hr/>
		(1,777,326)	986,698
		<hr/>	<hr/>
\$ 1,919,291	\$ 14,666,099	9,757,411	57,998,182
<hr/>	<hr/>	<hr/>	<hr/>
(1,919,291)	(14,666,099)	14,115,746	-
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	23,873,157	57,998,182
<hr/>	<hr/>	<hr/>	<hr/>
\$ 22,095,831	\$ 58,984,880		



## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Net Change in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2025

**Net change in fund balances - total governmental funds** \$ 986,698

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

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

Capital assets purchased/constructed	14,662,025
Depreciation/amortization expense	(6,531,262)
Loss on disposal of capital assets	(70,881)

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	176,773
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds and other long-term liabilities	5,507,709
Extinguishment of other long-term liabilities	77,257
Issuance of other long-term liabilities	(1,807,118)

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	46,499
Amortization of bond premium	116,087
Change in net pension liability and related deferred amounts	(4,512,675)
Change in net other postemployment benefit asset and related deferred amounts	9,589,004
Change in compensated absences	(520,425)

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Total change in net position of the internal service funds	2,027,795
Internal service fund change in net position accounted for in business-type activities	<u>(431,451)</u>

**Change in net position of governmental activities** \$ 19,316,035

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 29,032,100	\$ 29,147,690	\$ 29,117,016	\$ (30,674)
Licenses and permits	1,617,800	1,642,300	1,511,662	(130,638)
State grants	7,914,880	7,901,000	7,858,966	(42,034)
Charges for services	2,856,100	2,929,450	2,905,560	(23,890)
Fines and forfeitures	5,410,000	5,475,000	5,513,776	38,776
Interest and rentals	1,330,030	2,072,250	2,838,767	766,517
Contributions and donations	782,000	832,000	830,470	(1,530)
Other revenue	77,000	217,380	190,622	(26,758)
<b>Total revenues</b>	<b>49,019,910</b>	<b>50,217,070</b>	<b>50,766,839</b>	<b>549,769</b>
<b>Expenditures</b>				
Current:				
General government	14,776,969	14,679,469	13,730,265	(949,204)
Public safety	437,395	437,395	425,655	(11,740)
Public works	1,642,073	1,811,573	1,660,346	(151,227)
Community and economic development	795,909	795,909	696,247	(99,662)
Recreation and culture	4,131,833	4,533,233	2,754,280	(1,778,953)
Debt service:				
Principal payments	1,414,370	1,414,370	1,423,519	9,149
Interest and paying agent fees	1,044,440	1,044,440	1,046,285	1,845
<b>Total expenditures</b>	<b>24,242,989</b>	<b>24,716,389</b>	<b>21,736,597</b>	<b>(2,979,792)</b>
Revenues over expenditures	<b>24,776,921</b>	<b>25,500,681</b>	<b>29,030,242</b>	<b>3,529,561</b>
<b>Other financing sources (uses)</b>				
Transfers in	50,000	50,000	50,294	294
Transfers out	(27,518,300)	(28,192,380)	(27,789,631)	(402,749)
<b>Total other financing sources (uses)</b>	<b>(27,468,300)</b>	<b>(28,142,380)</b>	<b>(27,739,337)</b>	<b>403,043</b>
<b>Net change in fund balance</b>	<b>(2,691,379)</b>	<b>(2,641,699)</b>	<b>1,290,905</b>	<b>3,932,604</b>
Fund balance, beginning of year	<b>12,534,068</b>	<b>12,534,068</b>	<b>12,534,068</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 9,842,689</b>	<b>\$ 9,892,369</b>	<b>\$ 13,824,973</b>	<b>\$ 3,932,604</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 13,179,000	\$ 13,179,000	\$ 13,138,352	\$ (40,648)
Licenses and permits	30,000	30,000	19,691	(10,309)
State grants	154,080	160,930	180,925	19,995
Charges for services	1,658,590	2,111,190	2,271,441	160,251
Interest and rentals	193,000	193,000	135,300	(57,700)
Contributions and donations	540,000	540,000	540,750	750
Other revenue	35,000	35,000	24,079	(10,921)
<b>Total revenues</b>	<u>15,789,670</u>	<u>16,249,120</u>	<u>16,310,538</u>	<u>61,418</u>
<b>Expenditures</b>				
Current:				
Public safety	36,428,888	37,158,798	37,555,944	397,146
Health and welfare	1,043,304	1,167,634	1,193,540	25,906
Debt service:				
Principal payments	2,164,900	2,164,900	2,503,084	338,184
Interest and paying agent fees	1,595,200	1,595,200	1,649,325	54,125
<b>Total expenditures</b>	<u>41,232,292</u>	<u>42,086,532</u>	<u>42,901,893</u>	<u>815,361</u>
Revenues under expenditures	<u>(25,442,622)</u>	<u>(25,837,412)</u>	<u>(26,591,355)</u>	<u>(753,943)</u>
<b>Other financing sources</b>				
Issuance of other long-term liabilities	-	-	1,807,118	1,807,118
Transfers in	24,600,000	24,756,780	24,616,782	(139,998)
<b>Total other financing sources</b>	<u>24,600,000</u>	<u>24,756,780</u>	<u>26,423,900</u>	<u>1,667,120</u>
<b>Net change in fund balance</b>	<u>(842,622)</u>	<u>(1,080,632)</u>	<u>(167,455)</u>	<u>913,177</u>
Fund balance, beginning of year	<u>2,722,221</u>	<u>2,722,221</u>	<u>2,722,221</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,879,599</u>	<u>\$ 1,641,589</u>	<u>\$ 2,554,766</u>	<u>\$ 913,177</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 - Major Streets Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 8,000,000	\$ 8,000,000	\$ 8,970,375	\$ 970,375
Licenses and permits	269,500	269,500	270,449	949
State grants	6,068,180	6,068,180	6,276,636	208,456
Interest and rentals	40,940	40,940	74,880	33,940
Contributions and donations	371,850	56,350	25,139	(31,211)
<b>Total revenues</b>	<b>14,750,470</b>	<b>14,434,970</b>	<b>15,617,479</b>	<b>1,182,509</b>
<b>Expenditures</b>				
Current -				
Public works	7,952,640	7,660,140	8,275,052	614,912
Debt service:				
Principal payments	105,740	105,740	105,734	(6)
Interest and paying agent fees	78,000	78,000	78,000	-
<b>Total expenditures</b>	<b>8,136,380</b>	<b>7,843,880</b>	<b>8,458,786</b>	<b>614,906</b>
Revenues over expenditures	6,614,090	6,591,090	7,158,693	567,603
<b>Other financing sources (uses)</b>				
Transfers in	420,000	20,000	24,826	4,826
Transfers out	(7,034,090)	(7,034,090)	(7,034,090)	-
<b>Total other financing sources (uses)</b>	<b>(6,614,090)</b>	<b>(7,014,090)</b>	<b>(7,009,264)</b>	<b>4,826</b>
<b>Net change in fund balance</b>	-	(423,000)	149,429	572,429
Fund balance, beginning of year	2,469,644	2,469,644	2,469,644	-
<b>Fund balance, end of year</b>	<b>\$ 2,469,644</b>	<b>\$ 2,046,644</b>	<b>\$ 2,619,073</b>	<b>\$ 572,429</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 - State Construction Code Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 2,137,500	\$ 2,703,500	\$ 2,786,376	\$ 82,876
Interest and rentals	569,340	569,340	688,749	119,409
Other revenue	25,000	25,000	15,231	(9,769)
<b>Total revenues</b>	<b>2,731,840</b>	<b>3,297,840</b>	<b>3,490,356</b>	<b>192,516</b>
<b>Expenditures</b>				
Current -				
Public safety	2,430,467	2,440,167	1,990,711	(449,456)
Revenues over expenditures	301,373	857,673	1,499,645	641,972
<b>Other financing uses</b>				
Transfers out	(7,000)	(8,500)	(8,500)	-
<b>Net change in fund balance</b>	<b>294,373</b>	<b>849,173</b>	<b>1,491,145</b>	<b>641,972</b>
Fund balance, beginning of year	16,399,092	16,399,092	16,399,092	-
<b>Fund balance, end of year</b>	<b>\$ 16,693,465</b>	<b>\$ 17,248,265</b>	<b>\$ 17,890,237</b>	<b>\$ 641,972</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, 2025

	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	\$ 6,886,474	\$ 2,485,382	\$ 796,909	\$ 10,168,765	\$ 26,733,636
Receivables, net	10,510,136	2,355	25,549	10,538,040	-
Prepaid items	-	11,276	-	11,276	1,795,043
Inventories	480,038	38,998	-	519,036	138,705
Total current assets	<u>17,876,648</u>	<u>2,538,011</u>	<u>822,458</u>	<u>21,237,117</u>	<u>28,667,384</u>
Noncurrent assets:					
Due from other governmental units	144,280	-	-	144,280	-
Lease receivable	-	416,322	105,114	521,436	-
Net other postemployment benefit asset	3,429,027	678,273	358,981	4,466,281	1,325,161
Capital assets not being depreciated	6,589,093	8,697,785	195,312	15,482,190	13,591
Capital assets being depreciated/amortized, net	96,983,089	34,608,486	4,312,854	135,904,429	11,442,828
Total noncurrent assets	<u>107,145,489</u>	<u>44,400,866</u>	<u>4,972,261</u>	<u>156,518,616</u>	<u>12,781,580</u>
<b>Total assets</b>	<u>125,022,137</u>	<u>46,938,877</u>	<u>5,794,719</u>	<u>177,755,733</u>	<u>41,448,964</u>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	85,159	213,888	-	299,047	15,873
Deferred pension amounts	<u>72,431</u>	<u>14,207</u>	<u>7,589</u>	<u>94,227</u>	<u>28,471</u>
<b>Total deferred outflows of resources</b>	<u>157,590</u>	<u>228,095</u>	<u>7,589</u>	<u>393,274</u>	<u>44,344</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,734,122	133,886	121,451	2,989,459	494,873
Accrued and other liabilities	400,952	210,762	18,831	630,545	399,039
Cash bonds and deposits	250	6,330	-	6,580	-
Unearned revenue	-	-	32,664	32,664	-
Bonds and notes payable, due within one year	1,248,399	2,943,155	67,040	4,258,594	392,765
Other long-term liabilities, current	-	-	-	-	624,048
Compensated absences, current	88,867	23,673	8,461	121,001	52,836
Total current liabilities	<u>4,472,590</u>	<u>3,317,806</u>	<u>248,447</u>	<u>8,038,843</u>	<u>1,963,561</u>
Noncurrent liabilities:					
Bonds and notes payable	9,618,878	18,351,134	1,051,492	29,021,504	5,573,888
Other long-term liabilities	-	-	-	-	1,057,168
Compensated absences	88,727	23,635	8,447	120,809	52,052
Net pension liability	1,021,617	200,389	107,031	1,329,037	401,581
Total noncurrent liabilities	<u>10,729,222</u>	<u>18,575,158</u>	<u>1,166,970</u>	<u>30,471,350</u>	<u>7,084,689</u>
<b>Total liabilities</b>	<u>15,201,812</u>	<u>21,892,964</u>	<u>1,415,417</u>	<u>38,510,193</u>	<u>9,048,250</u>
<b>Deferred inflows of resources</b>					
Deferred pension amounts	51,920	10,184	5,440	67,544	20,409
Deferred other postemployment benefit amounts	241,610	47,791	25,294	314,695	93,371
Deferred lease amounts	-	416,322	105,114	521,436	-
<b>Total deferred inflows of resources</b>	<u>293,530</u>	<u>474,297</u>	<u>135,848</u>	<u>903,675</u>	<u>113,780</u>
<b>Net position</b>					
Net investment in capital assets	101,140,583	22,785,681	4,508,166	128,434,430	10,579,620
Restricted for other postemployment benefits	3,429,027	678,273	358,981	4,466,281	1,325,161
Unrestricted (deficit)	5,114,775	1,335,757	(616,104)	5,834,428	20,426,497
<b>Total net position</b>	<u>\$ 109,684,385</u>	<u>\$ 24,799,711</u>	<u>\$ 4,251,043</u>	<u>\$ 138,735,139</u>	<u>\$ 32,331,278</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, 2025

Net position - total enterprise funds	\$ 138,735,139
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Amounts reported for *business-type activities* in the statement of net position are different because:

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

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

6,797,798

Net position of business-type activities	\$ <u>145,532,937</u>
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The accompanying notes are an integral part of these financial statements.

## CITY OF ROYAL OAK, MICHIGAN

### Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	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	\$ 34,826,520	\$ 3,958,989	\$ 3,154,944	\$ 41,940,453	\$ 18,862,067
Other	5,337	29,250	18,675	53,262	1,780,019
<b>Total operating revenues</b>	<b>34,831,857</b>	<b>3,988,239</b>	<b>3,173,619</b>	<b>41,993,715</b>	<b>20,642,086</b>
<b>Operating expenses</b>					
Salaries and benefits	2,291,644	599,030	285,589	3,176,263	11,924,525
Supplies	699,939	25,185	181,617	906,741	1,290,870
Sewage disposal services	14,200,480	-	-	14,200,480	-
Other services and charges	8,747,576	2,340,105	2,757,021	13,844,702	3,517,736
Depreciation/amortization	3,604,869	1,239,052	251,743	5,095,664	1,828,552
<b>Total operating expenses</b>	<b>29,544,508</b>	<b>4,203,372</b>	<b>3,475,970</b>	<b>37,223,850</b>	<b>18,561,683</b>
Operating income (loss)	5,287,349	(215,133)	(302,351)	4,769,865	2,080,403
<b>Nonoperating revenues (expenses)</b>					
Taxes	202,483	-	-	202,483	-
State grants	58,061	-	-	58,061	-
Interest income	80,119	89,165	35,654	204,938	-
Contributions	7,165	1,288,459	-	1,295,624	-
Interest expense	(440,798)	(804,132)	(47,256)	(1,292,186)	(252,269)
Gain on sale of capital assets	-	-	-	-	199,661
<b>Total nonoperating revenues (expenses)</b>	<b>(92,970)</b>	<b>573,492</b>	<b>(11,602)</b>	<b>468,920</b>	<b>(52,608)</b>
Income (loss) before transfers	5,194,379	358,359	(313,953)	5,238,785	2,027,795
<b>Transfers</b>					
Transfers in	4,040,959	500,000	240,000	4,780,959	-
Transfers out	(8,500)	-	(158,500)	(167,000)	-
<b>Net transfers</b>	<b>4,032,459</b>	<b>500,000</b>	<b>81,500</b>	<b>4,613,959</b>	<b>-</b>
<b>Change in net position</b>	<b>9,226,838</b>	<b>858,359</b>	<b>(232,453)</b>	<b>9,852,744</b>	<b>2,027,795</b>
Net position, beginning of year	100,457,547	23,941,352	4,483,496	128,882,395	30,303,483
<b>Net position, end of year</b>	<b>\$ 109,684,385</b>	<b>\$ 24,799,711</b>	<b>\$ 4,251,043</b>	<b>\$ 138,735,139</b>	<b>\$ 32,331,278</b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2025

**Change in net position - total enterprise funds** \$ 9,852,744

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

431,451

**Change in net position of business-type activities** \$ 10,284,195

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, 2025

	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	\$ 34,413,258	\$ 3,962,827	\$ 3,171,987	\$ 41,548,072	\$ -
Internal activity - receipts from other funds	-	-	-	-	18,862,067
Other operating receipts	5,337	29,250	18,675	53,262	1,780,019
Payments to vendors	(23,257,317)	(2,345,720)	(2,895,878)	(28,498,915)	(5,218,694)
Payments to employees	(2,627,756)	(708,898)	(339,737)	(3,676,391)	(11,233,742)
<b>Net cash from operating activities</b>	<b>8,533,522</b>	<b>937,459</b>	<b>(44,953)</b>	<b>9,426,028</b>	<b>4,189,650</b>
<b>Cash flows from noncapital financing activities</b>					
Tax revenues received	202,483	-	-	202,483	-
Grants received	58,061	-	-	58,061	-
Contributions and donations	7,165	1,288,459	-	1,295,624	-
Transfers from other funds	4,040,959	500,000	240,000	4,780,959	-
Transfers to other funds	(8,500)	-	(158,500)	(167,000)	-
Principal paid on bonds payable	(518,428)	(32,390)	(64,781)	(615,599)	(376,209)
Interest paid on bonds payable	(328,185)	(20,660)	(47,256)	(396,101)	(242,796)
<b>Net cash from noncapital financing activities</b>	<b>3,453,555</b>	<b>1,735,409</b>	<b>(30,537)</b>	<b>5,158,427</b>	<b>(619,005)</b>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(5,543,700)	-	(27,955)	(5,571,655)	(3,922,430)
Principal paid on bonds payable and other long-term liabilities	(679,530)	(2,786,297)	-	(3,465,827)	(149,434)
Interest paid on bonds payable and other long-term liabilities	(108,553)	(754,655)	-	(863,208)	(7,084)
Proceeds from sale of capital assets	-	-	-	-	241,803
<b>Net cash from capital and related financing activities</b>	<b>(6,331,783)</b>	<b>(3,540,952)</b>	<b>(27,955)</b>	<b>(9,900,690)</b>	<b>(3,837,145)</b>
<b>Cash flows from investing activities</b>					
Interest received on investments	80,119	89,165	35,654	204,938	-
<b>Net change in cash and investments</b>	<b>5,735,413</b>	<b>(778,919)</b>	<b>(67,791)</b>	<b>4,888,703</b>	<b>(266,500)</b>
Cash and investments balances, beginning of year	1,151,061	3,264,301	864,700	5,280,062	27,000,136
<b>Cash and investments balances, end of year</b>	<b>\$ 6,886,474</b>	<b>\$ 2,485,382</b>	<b>\$ 796,909</b>	<b>\$ 10,168,765</b>	<b>\$ 26,733,636</b>

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	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 from operating activities:</b>						
Operating income (loss)	\$ 5,287,349	\$ (215,133)	\$ (302,351)	\$ 4,769,865	\$ 2,080,403	
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation/amortization	3,604,869	1,239,052	251,743	5,095,664	1,828,552	
Changes in assets and liabilities:						
Receivables, net	(456,122)	3,838	(4,508)	(456,792)	5,807	
Prepaid items	-	(11,276)	25,000	13,724	491,296	
Inventories	125,223	(12,274)	-	112,949	12,476	
Due from other governmental units	42,860	-	-	42,860	-	
Lease receivable	-	21,096	21,496	42,592	-	
Net other postemployment benefit asset	(625,510)	(163,060)	(85,507)	(874,077)	(335,238)	
Deferred outflows related to the net pension liability	(3,167)	(621)	(332)	(4,120)	(1,244)	
Deferred outflows related to the net other postemployment asset	245	45	24	314	86	
Accounts payable	354,689	67,353	17,760	439,802	112,444	
Accrued and other liabilities	(89,234)	(24,233)	(571)	(114,038)	53,651	
Unearned revenue	-	-	21,551	21,551	-	
Other long-term liabilities	-	-	-	-	(152,836)	
Compensated absences	30,175	(412)	3,416	33,179	(14,815)	
Net pension liability	159,320	31,251	16,691	207,262	62,626	
Deferred inflows related to the net pension liability	51,920	10,184	5,440	67,544	20,409	
Deferred inflows related to the net other postemployment asset	50,905	12,745	6,691	70,341	26,033	
Deferred inflows related to leases	-	(21,096)	(21,496)	(42,592)	-	
<b>Net cash from operating activities</b>	<b>\$ 8,533,522</b>	<b>\$ 937,459</b>	<b>\$ (44,953)</b>	<b>\$ 9,426,028</b>	<b>\$ 4,189,650</b>	
<b>Noncash capital and related financing activities</b>						
Change in accounts payable related to capital asset additions	\$ (534,612)	\$ -	\$ -	\$ (534,612)	\$ -	
Addition of subscription assets	-	-	-	-	-	(170,565)
Addition of subscription liabilities	-	-	-	-	-	170,565
<b>Total noncash activities</b>	<b>\$ (534,612)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (534,612)</b>	<b>\$ -</b>	

concluded.

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

# CITY OF ROYAL OAK, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and investments	\$ 1,205,074	\$ 4,590,118
Investments, at fair value:		
Mutual funds	215,408,524	-
Equities	92,302,327	-
Other assets	32,382,312	-
Receivables	<u>232,840</u>	<u>-</u>
<b>Total assets</b>	<u>341,531,077</u>	<u>4,590,118</u>
<b>Liabilities</b>		
Accounts payable	361,983	-
Undistributed receipts	-	4,447,631
Due to City of Berkley	-	14,496
Bonds and deposits	<u>-</u>	<u>71,282</u>
<b>Total liabilities</b>	<u>361,983</u>	<u>4,533,409</u>
<b>Net position</b>		
Restricted for:		
Pension benefits	171,877,674	-
Other postemployment benefits	169,291,420	-
Individuals, organizations and other governments	<u>-</u>	<u>56,709</u>
<b>Total net position</b>	<u>\$ 341,169,094</u>	<u>\$ 56,709</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, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 11,292,673	\$ -
Plan members	1,044,053	-
Employee service purchases	74,705	-
Total contributions	<u>12,411,431</u>	<u>-</u>
Investment earnings:		
Net change in fair value of investments	27,769,218	-
Interest	76,007	-
Dividends	9,213,732	-
Other investment revenues	106,429	-
Total investment income	<u>37,165,386</u>	<u>-</u>
Less investment expenses	1,529,113	-
Net investment income	<u>35,636,273</u>	<u>-</u>
Taxes collected for other governments	-	99,596,387
Other additions	<u>-</u>	<u>965,827</u>
<b>Total additions</b>	<b>48,047,704</b>	<b>100,562,214</b>
<b>Deductions</b>		
Benefits	25,828,265	-
Refund of contributions	900,441	-
Administrative expenses	86,254	-
Payments of taxes to other governments	-	99,596,387
Other deductions	<u>-</u>	<u>960,388</u>
<b>Total deductions</b>	<b>26,814,960</b>	<b>100,556,775</b>
<b>Change in net position</b>	<b>21,232,744</b>	<b>5,439</b>
Net position, beginning of year	<u>319,936,350</u>	<u>51,270</u>
<b>Net position, end of year</b>	<b><u>\$ 341,169,094</u></b>	<b><u>\$ 56,709</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, 2025

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 2,669,876	\$ 127,091	\$ 468,352	\$ 3,265,319
Receivables, net	89,092	-	4,431	93,523
Prepaid items	100,000	-	-	100,000
Net other postemployment benefit asset	195,262	149,535	-	344,797
Capital assets not being depreciated	842,975	-	-	842,975
Capital assets being depreciated, net	246,351	-	-	246,351
<b>Total assets</b>	<u>4,143,556</u>	<u>276,626</u>	<u>472,783</u>	<u>4,892,965</u>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	5,313	4,149	-	9,462
<b>Liabilities</b>				
Accounts payable	138,566	192	24,392	163,150
Accrued and other liabilities	9,577	10,553	-	20,130
Long-term liabilities:				
Due within one year	1,000	-	-	1,000
Due in more than one year	745	-	-	745
Net pension liability (due in more than one year)	74,947	58,520	-	133,467
<b>Total liabilities</b>	<u>224,835</u>	<u>69,265</u>	<u>24,392</u>	<u>318,492</u>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	3,809	2,974	-	6,783
Deferred other postemployment benefit amounts	13,758	10,536	-	24,294
<b>Total deferred inflows of resources</b>	<u>17,567</u>	<u>13,510</u>	<u>-</u>	<u>31,077</u>
<b>Net position</b>				
Investment in capital assets	1,089,326	-	-	1,089,326
Restricted for other postemployment benefits	195,262	149,535	-	344,797
Unrestricted	2,621,879	48,465	448,391	3,118,735
<b>Total net position</b>	<u>\$ 3,906,467</u>	<u>\$ 198,000</u>	<u>\$ 448,391</u>	<u>\$ 4,552,858</u>

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

# CITY OF ROYAL OAK, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended June 30, 2025

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Expenses</b>				
Tax Increment Financing Authority	\$ 6,173,161	\$ -	\$ -	\$ 6,173,161
Downtown Development Authority	-	67,854	-	67,854
Brownfield Redevelopment Authority	-	-	577,691	577,691
<b>Total expenses</b>	<b>6,173,161</b>	<b>67,854</b>	<b>577,691</b>	<b>6,818,706</b>
<b>Program revenues</b>				
Operating grants and contributions	306,821	-	-	306,821
<b>Net expense</b>	<b>(5,866,340)</b>	<b>(67,854)</b>	<b>(577,691)</b>	<b>(6,511,885)</b>
<b>General revenues</b>				
Property taxes	6,631,880	50,523	574,197	7,256,600
Unrestricted investment earnings	161,074	5,676	30,344	197,094
<b>Total general revenues</b>	<b>6,792,954</b>	<b>56,199</b>	<b>604,541</b>	<b>7,453,694</b>
<b>Change in net position</b>	<b>926,614</b>	<b>(11,655)</b>	<b>26,850</b>	<b>941,809</b>
Net position, beginning of year	2,979,853	209,655	421,541	3,611,049
<b>Net position, end of year</b>	<b>\$ 3,906,467</b>	<b>\$ 198,000</b>	<b>\$ 448,391</b>	<b>\$ 4,552,858</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. The Building Authority had no activity during the year.

*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.

*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.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to 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, 2025, the City expensed approximately \$6,548,000 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, 2025, the City expensed approximately \$4,408,000 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The *major streets fund* accounts for revenue from a dedicated tax millage and allocations from the Michigan Transportation Fund. These resources support the planning, administration, and oversight of all activities that impact traffic conditions on the City's major street network.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

The *state construction code fund* is supported by fees collected from permits, inspections, and plan reviews, and is used exclusively to administer and enforce the State Construction Code and local ordinances to ensure public health, safety, and welfare.

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

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

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

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

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

#### *Deposits and Investments*

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

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

#### *Receivables and Payables*

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

### *Inventories and Prepaid Items*

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

### *Restricted Assets*

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

### *Capital Assets*

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

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

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

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### *Leases*

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

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

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

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

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

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

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

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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

The City has 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 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.

### *Compensated Absences*

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - sick, vacation and compensatory. The liability for compensated absences is reported as incurred in the governmentwide financial statements. 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. The liability for compensated absences includes salary-related benefits, where applicable.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### *Long-term Obligations*

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

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

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to 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.

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.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

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.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 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>. Budget amendments are submitted for Commission approval on a quarterly basis. The Commission makes supplemental budgetary appropriations throughout the year mostly a result of the mid-year review.

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

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### *Expenditures in Excess of Appropriations*

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

	Final Budget	Actual	Excess
General fund:			
Principal payments	\$ 1,414,370	\$ 1,423,519	\$ 9,149
Interest and paying agent fees	1,044,440	1,046,285	1,845
Public safety fund	42,086,532	42,901,893	815,361
Major streets fund	7,843,880	8,458,786	614,906
Donations fund	128,400	188,230	59,830

#### *Deficit Fund Equity*

The recreation administration enterprise fund reported a deficit in unrestricted net position in the amount of \$1,077,842 at June 30, 2025. The fund had total net position of \$1,731,254.

The ice arena enterprise fund reported a deficit in unrestricted net position in the amount of \$187,224 at June 30, 2025. The fund had total net position of \$953,181.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 4. DEPOSITS AND INVESTMENTS

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

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

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

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and investments	\$ 104,184,400	\$ 3,265,319	\$ 107,449,719
Restricted assets	1,084	-	1,084
	<u>104,185,484</u>	<u>3,265,319</u>	<u>107,450,803</u>
<b>Statement of Fiduciary Net Position</b>			
Pension and OPEB trust funds -			
Cash and Investments	341,298,237	-	341,298,237
Custodial funds -			
Cash and investments	4,590,118	-	4,590,118
	<u>345,888,355</u>	<u>-</u>	<u>345,888,355</u>
<b>Total</b>	<u>\$ 450,073,839</u>	<u>\$ 3,265,319</u>	<u>\$ 453,339,158</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Deposits and investments

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 59,455,249
<b>Investments:</b>	
Equities:	
Large cap global equities	10,457,229
Large cap domestic equities	52,837,242
Small and mid cap equities	18,302,372
Developed international equities	10,705,484
Emerging markets equities	7,284,303
Bond mutual funds	92,527,593
Government obligations mutual funds	1,475,934
Equity mutual funds	102,224,574
Other mutual funds	7,928,206
U.S. agencies	17,078,371
Michigan CLASS government investment pool	33,986,936
Real estate	1,798,028
Money market funds	19,197
Commercial paper	1,565,465
Municipal bonds	837,509
Pooled investment funds:	
SEI structured credit fund	15,635,669
SEI core property collective fund	12,538,219
SEI global private assets	4,208,424
Monroe Capital private credit fund	2,468,303
Cash on hand	4,851
<b>Total</b>	<b>\$ 453,339,158</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	\$ 14,781,592	10.31
High yield	3,315,347	4.13
Core fixed income	13,121,163	8.37
Limited duration bond fund	5,067,108	2.54
Baird intermediate	46,452,481	4.31
Loomis Sayles	4,916,510	5.83
Aristotle	<u>4,873,392</u>	4.52
Total	<u><u>\$ 92,527,593</u></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	\$ 17,078,371	\$ 2,623,356	\$ 14,455,015	\$ -
Commercial paper	1,565,465	1,565,465	-	-
Municipal bonds	<u>837,509</u>	<u>196,824</u>	<u>640,685</u>	<u>-</u>
	<u><u>\$ 19,481,345</u></u>	<u><u>\$ 4,385,645</u></u>	<u><u>\$ 15,095,700</u></u>	<u><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	\$ 1,475,934	AAAm
U.S. agencies	17,078,371	AA
Michigan CLASS investment pool	33,986,936	AAAm
Bond mutual funds	539,252	AA+
Bond mutual funds	100,171	AA
Bond mutual funds	198,086	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, 2025, \$59,574,795 of the City's bank balance of \$61,848,764 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* As of June 30, 2025, the City's investments consisted of equities, mutual funds and other assets totaling \$393,879,058. 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, 2025, 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, 2025:

	Level 1	Level 2	Level 3	Total
Equities	\$ 99,586,630	\$ -	\$ -	\$ 99,586,630
Bond mutual funds	92,527,593	-	-	92,527,593
Equity mutual funds	102,224,574	-	-	102,224,574
Other mutual funds	7,928,206	-	-	7,928,206
U.S. agencies	-	17,078,371	-	17,078,371
Government obligations mutual funds	1,475,934	-	-	1,475,934
SEI global private assets	4,208,424	-	-	4,208,424
Monroe Capital private credit fund	2,468,303	-	-	2,468,303
Real estate	-	-	1,798,028	1,798,028
Money market funds	-	19,197	-	19,197
Commercial paper	-	1,565,465	-	1,565,465
Municipal bonds	-	837,509	-	837,509
<b>Total investments at fair value</b>	<b>\$ 310,419,664</b>	<b>\$ 19,500,542</b>	<b>\$ 1,798,028</b>	<b>331,718,234</b>
<b>Investments measured at NAV</b>				
Michigan CLASS investment pool				33,986,936
SEI structured credit fund				15,635,669
SEI core property collective fund				<u>12,538,219</u>
<b>Total investments measured at NAV</b>				<u>62,160,824</u>
<b>Total investments</b>				<u><b>\$ 393,879,058</b></u>

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

At June 30, 2025, 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	\$ 33,986,936	\$ -	N/A	None
SEI Structured Credit Fund	15,635,669	-	N/A	None
SEI Core Property Collective Fund	12,538,219	-	N/A	None
<b>Total</b>	<b>\$ 62,160,824</b>	<b>\$ -</b>		

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

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	\$ 1,155,753	\$ 10,535,397	\$ 50,000	\$ 510,744
Loans	2,293,195	-	-	2,293,195
Taxes (current)	-	-	11,076	-
Taxes (delinquent)	181,094	6,606	97,730	-
Special assessments	854,420	-	-	540,152
Leases	1,564,566	521,436	-	1,908,623
Intergovernmental	3,026,037	144,280	-	144,280
Interest and other	1,089,190	-	-	-
Less: allowance for uncollectibles	(108,656)	(3,963)	(65,283)	-
	<u>\$ 10,055,599</u>	<u>\$ 11,203,756</u>	<u>\$ 93,523</u>	<u>\$ 5,396,994</u>

### 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 250,656	\$ -
Nonmajor governmental funds	-	250,656
	<u>\$ 250,656</u>	<u>\$ 250,656</u>

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$6,797,798. 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 cleared 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					Water & Sewer Fund
	General	Public Safety	Major Streets	Nonmajor Governmental Funds		
General fund	\$ -	\$ 24,500,000	\$ -	\$ 2,549,631	\$ -	-
Major streets	-	-	-	7,034,090	-	-
State construction code	-	-	-	8,500	-	-
Nonmajor governmental funds	294	16,782	24,826	528,203	4,040,959	
Water and sewer fund	-	-	-	8,500	-	-
Nonmajor enterprise funds	50,000	100,000	-	8,500	-	-
	<u>\$ 50,294</u>	<u>\$ 24,616,782</u>	<u>\$ 24,826</u>	<u>\$ 10,137,424</u>	<u>\$ 4,040,959</u>	

Transfers Out	Transfers In		
	Automobile Parking System	Nonmajor Enterprise Funds	Total
General fund	\$ 500,000	\$ 240,000	\$ 27,789,631
Major streets	-	-	7,034,090
State construction code	-	-	8,500
Nonmajor governmental funds	-	-	4,611,064
Water and sewer fund	-	-	8,500
Nonmajor enterprise funds	-	-	158,500
	<u>\$ 500,000</u>	<u>\$ 240,000</u>	<u>\$ 39,610,285</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, debt service fund and other nonmajor funds; (2) fund various ARPA-enabled projects within water and sewer fund, and various nonmajor funds from the capital projects fund; and (3) reallocate street funds from the major streets fund to the local streets 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:					
Land	\$ 66,791,625	\$ -	\$ -	\$ -	\$ 66,791,625
Construction in progress	26,433,144	12,424,946	-	(24,065,516)	14,792,574
	<u>93,224,769</u>	<u>12,424,946</u>	<u>-</u>	<u>(24,065,516)</u>	<u>81,584,199</u>
Capital assets, being depreciated/amortized:					
Buildings	63,432,522	117,020	-	-	63,549,542
Improvements other than buildings	28,320,717	-	(63,380)	2,339,694	30,597,031
Machinery and equipment	26,881,666	4,235,371	(1,777,172)	243,135	29,583,000
Infrastructure	195,299,909	-	-	21,482,687	216,782,596
Intangibles	179,006	-	-	-	179,006
Lease easement property	37,764	-	(37,764)	-	-
Lease equipment (Note 9)	45,797	-	-	-	45,797
Subscription assets (Note 10)	1,556,770	1,977,683	(817,163)	-	2,717,290
	<u>315,754,151</u>	<u>6,330,074</u>	<u>(2,695,479)</u>	<u>24,065,516</u>	<u>343,454,262</u>
Less accumulated depreciation/amortization for:					
Buildings	(20,306,525)	(1,334,184)	-	-	(21,640,709)
Improvements other than buildings	(6,508,117)	(1,354,852)	63,380	-	(7,799,589)
Machinery and equipment	(18,026,659)	(1,877,231)	1,735,029	-	(18,168,861)
Infrastructure	(83,353,876)	(3,301,834)	-	-	(86,655,710)
Intangibles	(116,615)	(2,595)	-	-	(119,210)
Lease easement property	(34,617)	(3,147)	37,764	-	-
Lease equipment (Note 9)	(18,318)	(9,159)	-	-	(27,477)
Subscription assets (Note 10)	(662,549)	(476,812)	746,283	-	(393,078)
	<u>(129,027,276)</u>	<u>(8,359,814)</u>	<u>2,582,456</u>	<u>-</u>	<u>(134,804,634)</u>
Total capital assets being depreciated/amortized, net	<u>186,726,875</u>	<u>(2,029,740)</u>	<u>(113,023)</u>	<u>24,065,516</u>	<u>208,649,628</u>
<b>Governmental activities capital assets, net</b>	<b>\$ 279,951,644</b>	<b>\$ 10,395,206</b>	<b>\$ (113,023)</b>	<b>\$ -</b>	<b>\$ 290,233,827</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 8,902,503	\$ -	\$ -	\$ -	\$ 8,902,503
Construction in progress	8,690,125	5,009,092	-	(7,119,530)	6,579,687
	<u>17,592,628</u>	<u>5,009,092</u>	<u>-</u>	<u>(7,119,530)</u>	<u>15,482,190</u>
Capital assets, being depreciated:					
Buildings	64,292,206	-	-	-	64,292,206
Improvements other than buildings	558,146	-	-	-	558,146
Machinery and equipment	1,826,156	27,951	(27,150)	-	1,826,957
Infrastructure	<u>162,023,747</u>	<u>-</u>	<u>-</u>	<u>7,119,530</u>	<u>169,143,277</u>
	<u>228,700,255</u>	<u>27,951</u>	<u>(27,150)</u>	<u>7,119,530</u>	<u>235,820,586</u>
Less accumulated depreciation for:					
Buildings	(24,269,181)	(1,442,306)	-	-	(25,711,487)
Improvements other than buildings	(319,145)	(17,920)	-	-	(337,065)
Machinery and equipment	(1,463,186)	(47,121)	27,150	-	(1,483,157)
Infrastructure	<u>(68,796,131)</u>	<u>(3,588,317)</u>	<u>-</u>	<u>-</u>	<u>(72,384,448)</u>
	<u>(94,847,643)</u>	<u>(5,095,664)</u>	<u>27,150</u>	<u>-</u>	<u>(99,916,157)</u>
Total capital assets being depreciated, net	<u>133,852,612</u>	<u>(5,067,713)</u>	<u>-</u>	<u>7,119,530</u>	<u>135,904,429</u>
<b>Business-type activities capital assets, net</b>	<b>\$ 151,445,240</b>	<b>\$ (58,621)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 151,386,619</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	\$ 650,947
Public safety	794,423
Public works	3,477,334
Recreation and culture	1,608,558
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,828,552</u>

**Total depreciation/amortization expense - governmental activities** \$ 8,359,814

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

Water and sewer	\$ 3,604,869
Parking	1,239,052
Recreation	87,765
Ice arena	105,235
Farmers market	<u>58,743</u>

**Total depreciation expense - business-type activities** \$ 5,095,664

#### Construction Commitments

The City has active construction projects as of June 30, 2025. The projects include infrastructure improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Roads	\$ 33,145,770	\$ 3,185,992
Sidewalks	1,719,457	1,092,337
Water and sewer projects	<u>12,516,374</u>	<u>3,705,044</u>
Total	<u>\$ 47,381,601</u>	<u>\$ 7,983,373</u>

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### Discretely Presented Component Units

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - TIFA</b>				
Capital assets, not being depreciated -				
Land	\$ 842,975	\$ -	\$ -	\$ 842,975
Capital assets, being depreciated:				
Improvements other				
than buildings	1,525,821	-	-	1,525,821
Infrastructure	381,083	-	-	381,083
	1,906,904	-	-	1,906,904
Less accumulated depreciation for:				
Improvements other				
than buildings	(1,223,778)	(55,692)	-	(1,279,470)
Infrastructure	(381,083)	-	-	(381,083)
	(1,604,861)	(55,692)	-	(1,660,553)
Total capital assets being depreciated, net	302,043	(55,692)	-	246,351
<b>Component unit - TIFA</b> <b>capital assets, net</b>	<u>\$ 1,145,018</u>	<u>\$ (55,692)</u>	<u>\$ -</u>	<u>\$ 1,089,326</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	\$ 111,007,681	\$ -	\$ (5,530,912)	\$ 105,476,769	\$ 5,737,717
Unamortized premium	2,213,537	-	(117,667)	2,095,870	117,663
Lease liability (Note 9)	31,773	-	(12,638)	19,135	9,426
Subscription liabilities (Note 10)	761,231	1,977,683	(567,059)	2,171,855	486,584
Compensated absences*	4,525,430	505,610	-	5,031,040	2,517,456
General liability claims	928,750	187,264	(298,884)	817,130	408,565
Workers compensation	200,200	60,291	(101,507)	158,984	79,492
<b>Total governmental activities</b>	<b>\$ 119,668,602</b>	<b>\$ 2,730,848</b>	<b>\$ (6,628,667)</b>	<b>\$ 115,770,783</b>	<b>\$ 9,356,903</b>
<b>Business-type Activities</b>					
Bonds payable	\$ 36,282,326	\$ -	\$ (3,899,086)	\$ 32,383,240	\$ 4,002,283
Unamortized premium	305,379	-	(69,161)	236,218	69,168
Notes from direct borrowings and direct placements	842,980	-	(182,340)	660,640	187,143
Compensated absences*	208,631	33,179	-	241,810	121,001
<b>Total business-type activities</b>	<b>\$ 37,639,316</b>	<b>\$ 33,179</b>	<b>\$ (4,150,587)</b>	<b>\$ 33,521,908</b>	<b>\$ 4,379,595</b>
<b>Component Units</b>					
Compensated absences*	\$ 15,842	\$ -	\$ (14,097)	\$ 1,745	\$ 1,000

\* The change in compensated absences above is a net change for the year.

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, \$104,888 of internal service funds compensated absences is included in the above amounts.

## 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 \$2,577,270 and \$1,023,919, 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	\$ 181,263
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	67,244,211
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	11,471,295
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>26,580,000</u>
<b>Total governmental activities bonds payable</b>	<u><b>\$ 105,476,769</b></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	\$ 284,981
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	2,047,677
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	926,087
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	410,000
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	7,285,000
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	7,585,788
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	3,043,707
2018 Parking System Revenue Bonds; \$16,325,000 at issuance; payable in annual installments of \$840,000 to \$1,375,000; interest payable semi-annually at 3.551% through October 2026	<u>10,800,000</u>
	<u>32,383,240</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	\$ 26,860
* 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	88,229
* 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>545,551</u>
	<u>660,640</u>
<b>Total business-type activities bonds payable and contractual obligations</b>	<b><u>\$ 33,043,880</u></b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities			Business-type Activities				Notes from Direct Borrowings and Direct Placements			
	Bonds Payable		Bonds Payable								
	Principal	Interest	Principal	Interest	Principal	Interest	Principal				
2026	\$ 5,737,717	\$ 4,241,554	\$ 4,002,283	\$ 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	6,660,559	3,322,130	3,014,441	596,751	-	-					
2031-2035	37,894,891	12,262,876	11,700,117	1,468,691	-	-					
2036-2040	30,582,724	4,163,895	3,002,276	187,792	-	-					
2041-2043	6,010,000	611,000	-	-	-	-					
	<u>\$ 105,476,769</u>	<u>\$ 36,020,855</u>	<u>\$ 32,383,240</u>	<u>\$ 5,837,376</u>	<u>\$ 660,640</u>	<u>\$ 37,824</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, 2025, the City's obligation is \$660,640 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 \$477,924,951 (10 percent of \$4,779,249,510 assessed valuation). The city's total debt subject to the 10 percent legal limit amounts to \$122,107,094 or 2.55 percent.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

#### 9. LEASES

**Lessee** - The City is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement 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 Agreement
Equipment	2 years

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 9,426	\$ 574
2027	<u>9,709</u>	<u>291</u>
<b>Total</b>	<b><u>\$ 19,135</u></b>	<b><u>\$ 865</u></b>

**Lessor** - The City is involved in six 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, 2025 was \$235,322.

Asset Type	Remaining Term of Agreements
Land and buildings	5-25 years

#### 10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

Remaining Term of Arrangements	
--------------------------------	--

#### Asset Type

Subscription assets 3-7 years

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 486,584	\$ 65,156
2027	503,504	50,557
2028	518,424	35,452
2029	459,198	19,900
2030	62,622	6,124
2031-2032	<u>141,523</u>	<u>6,453</u>
<b>Total</b>	<b><u>\$ 2,171,855</u></b>	<b><u>\$ 183,642</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 2024 and 2025 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2024	\$ 652,890	\$ 610,115	\$ (334,255)	\$ 928,750
2025	928,750	187,264	(298,884)	817,130

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 2024 and 2025 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2024	\$ 203,168	\$ 98,132	\$ (101,100)	\$ 200,200
2025	200,200	60,291	(101,507)	158,984

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 2024 and 2025 are as follows:

Fiscal Year	Liability at Beginning of Year	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2024	\$ 350,000	\$ 8,950,984	\$ (9,060,984)	\$ 240,000
2025	240,000	10,295,862	(10,245,862)	290,000

## 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, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.65%. 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, 2024 (the date of the most recent actuarial report), membership consisted of:

Retirees and beneficiaries currently receiving benefits	540
Terminated employees entitled to benefits but not yet receiving them	17
Current full-time employees	<u>185</u>
 Total members	<u><u>742</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, 2025 is as follows:

Reserve / Group	Balance
Police and fire members benefit fund	\$ 133,776,629
General members benefit fund	104,556,554
Undistributed investment income fund	(66,455,509)

*Net Pension Liability.* The City's net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25-5.41 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation
Mortality rates	Healthy Pre-Retirement: Pub-2010 Employee Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Healthy Post-Retirement: Pub-2010 Healthy Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Disability Retirement: Pub-2010 Disabled Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the June 30, 2024 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 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, 2025, 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	14.00%	5.50%	0.77%
US equity factor allocation	18.00%	6.38%	1.15%
US small/mid cap equity index	4.00%	5.50%	0.22%
World equity ex-US	21.00%	6.82%	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%		5.99%
Inflation			2.50%
Risk adjustments			-1.24%
<b>Investment rate of return</b>			<b>7.25%</b>

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

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 272,807,158	\$ 161,883,131	\$ 110,924,027
Changes for the year:			
Service cost	3,915,663	-	3,915,663
Interest	19,166,073	-	19,166,073
Differences between expected and actual experience	5,896,186	-	5,896,186
Employer contributions	-	9,889,339	(9,889,339)
Employee contributions	-	1,044,053	(1,044,053)
Employee service purchases	-	74,705	(74,705)
Net investment income	-	19,850,737	(19,850,737)
Benefit payments, including refunds of employee contributions	(20,810,713)	(20,810,713)	-
Administrative expense	-	(53,578)	53,578
Net changes	<u>8,167,209</u>	<u>9,994,543</u>	<u>(1,827,334)</u>
<b>Balances at June 30, 2025</b>	<b>\$ 280,974,367</b>	<b>\$ 171,877,674</b>	<b>\$ 109,096,693</b>

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

Governmental activities	\$ 107,634,189
Business-type activities	1,329,037
Component units	<u>133,467</u>
<b>Total net pension liability</b>	<b><u>\$ 109,096,693</u></b>

The plan fiduciary net position as a percentage of the total pension liability is 61.17%.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 140,265,008	\$ 109,096,693	\$ 82,957,730

*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, 2025, the City recognized pension expense of \$14,781,675. At June 30, 2025, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 4,941,065	\$ -	\$ 4,941,065
Changes in assumptions	2,793,687	-	2,793,687
Net difference between projected and actual earnings on pension plan investments	-	5,544,482	(5,544,482)
<b>Total</b>	<b>\$ 7,734,752</b>	<b>\$ 5,544,482</b>	<b>\$ 2,190,270</b>

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

	Deferred Outflows of Resources	Deferred Outflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 7,631,063	\$ 5,470,155	\$ 2,160,908
Business-type activities	94,227	67,544	26,683
Component units	9,462	6,783	2,679
<b>Total</b>	<b>\$ 7,734,752</b>	<b>\$ 5,544,482</b>	<b>\$ 2,190,270</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 June 30,	Amount
2026	\$ 9,035,445
2027	(1,965,920)
2028	(3,184,956)
2029	<u>(1,694,299)</u>
<b>Total</b>	<b><u>\$ 2,190,270</u></b>

*Payable to the Pension Plan.* At June 30, 2025, 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, 2024 (the date of the most recent actuarial report), the following employees were covered by the benefit terms:

Inactive employees/beneficiaries receiving benefits	429
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>70</u>
<b>Total membership</b>	<b><u>500</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, 2025. The plan's financial statements include contributions received and benefits paid through that date. At June 30, 2025, 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, 2025, the City contributed \$1,403,334.

*Rate of Return.* For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.12%. 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, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2024 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.25% to 5.41%, 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: 7.25% trend for the first year, gradually decreasing to 3.50% in year 15. Post-65: 6.50% trend for the first year, gradually decreasing to 3.50% in year 15.
Mortality rates	Healthy Pre-Retirement: Pub-2010 Employee Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Healthy Post-Retirement: Pub-2010 Healthy Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Disability Retirement: Pub-2010 Disabled Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the June 30, 2024 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, 2025 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	25.00%	5.50%	1.38%
Domestic small/mid	17.00%	6.41%	1.09%
International developed	10.00%	7.07%	0.71%
International emerging	4.00%	6.77%	0.27%
Domestic fixed income	29.00%	2.29%	0.66%
Real estate	10.00%	6.27%	0.63%
Private equity	5.00%	6.63%	0.33%
	<u><u>100.00%</u></u>		5.07%
Inflation			2.50%
Risk adjustments			-0.32%
<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.* The components of the change in the net OPEB asset are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at June 30, 2024	\$ 114,224,026	\$ 158,053,219	\$ (43,829,193)
Changes for the year:			
Service cost	424,758	-	424,758
Interest on total OPEB liability	8,082,112	-	8,082,112
Differences between expected and actual experience	(9,518,046)	-	(9,518,046)
Changes in assumptions	6,543,885	-	6,543,885
Employer contributions	-	1,403,334	(1,403,334)
Net investment income	-	15,785,536	(15,785,536)
Benefit payments	(5,917,993)	(5,917,993)	-
Administrative expense	-	(32,676)	32,676
Net changes	(385,284)	11,238,201	(11,623,485)
<b>Balances at June 30, 2025</b>	<b>\$ 113,838,742</b>	<b>\$ 169,291,420</b>	<b>\$ (55,452,678)</b>

The plan fiduciary net position as a percentage of the total OPEB liability is 148.71%.

*Changes in Assumptions.* The 2025 assumption changes resulted from increased rates of retirement for Police and Fire and Police Service Aides and decreased rates of retirement for General employees, updating the mortality assumption, and updated the medical and prescription drug inflation.

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

Governmental activities	\$ 50,641,600
Business-type activities	4,466,281
Component units	344,797
<b>Total net OPEB asset</b>	<b>\$ 55,452,678</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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net OPEB asset	\$ (43,372,552)	\$ (55,452,678)	\$ (65,625,553)

*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 or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
City's net OPEB asset	\$ (66,573,684)	\$ (55,452,678)	\$ (42,346,341)

*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 Inflows of Resources Related to OPEB***

For the year ended June 30, 2025, the City recognized an OPEB benefit of \$9,290,536. At June 30, 2025, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ <u>(3,907,203)</u>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

	Deferred Inflows of Resources
Governmental activities	\$ (3,568,214)
Business-type activities	(314,695)
Component units	<u>(24,294)</u>
<b>Total</b>	<b><u>\$ (3,907,203)</u></b>

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

Year Ended June 30,	Amount
2026	\$ 1,985,761
2027	(2,704,344)
2028	(2,312,373)
2029	<u>(876,247)</u>
<b>Total</b>	<b><u>\$ (3,907,203)</u></b>

*Payable to the OPEB Plan.* At June 30, 2025, the City had no amount payable to the OPEB plan.

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

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

	Plan Net Position		
	Pension Trust Fund	Retiree Health Trust Fund	Total
<b>Assets</b>			
Cash and investments	\$ 1,138,715	\$ 66,359	\$ 1,205,074
Investments, at fair value:			
Mutual funds	138,509,786	76,898,738	215,408,524
Equities	-	92,302,327	92,302,327
Other assets	32,382,312	-	32,382,312
Receivables	121,100	111,740	232,840
<b>Total assets</b>	<b>172,151,913</b>	<b>169,379,164</b>	<b>341,531,077</b>
<b>Liabilities</b>			
Accounts payable	274,239	87,744	361,983
<b>Net position</b>			
Restricted for:			
Employees' pension benefits	171,877,674	-	171,877,674
Other postemployment benefits	-	169,291,420	169,291,420
<b>Total net position</b>	<b>\$ 171,877,674</b>	<b>\$ 169,291,420</b>	<b>\$ 341,169,094</b>

## CITY OF ROYAL OAK, MICHIGAN

### Notes to Financial Statements

Changes in Plan Net Position			
	Pension Trust Fund	Retiree Health Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 9,889,339	\$ 1,403,334	\$ 11,292,673
Plan members	1,044,053	-	1,044,053
Employee service purchases	74,705	-	74,705
<b>Total contributions</b>	<b>11,008,097</b>	<b>1,403,334</b>	<b>12,411,431</b>
Investment earnings:			
Net change in fair value of investments	16,980,214	10,789,004	27,769,218
Interest	-	76,007	76,007
Dividends	3,858,296	5,355,436	9,213,732
Other investment revenues	-	106,429	106,429
<b>Total investment income</b>	<b>20,838,510</b>	<b>16,326,876</b>	<b>37,165,386</b>
Less investment expense	987,773	541,340	1,529,113
<b>Net investment income</b>	<b>19,850,737</b>	<b>15,785,536</b>	<b>35,636,273</b>
<b>Total additions</b>	<b>30,858,834</b>	<b>17,188,870</b>	<b>48,047,704</b>
<b>Deductions</b>			
Benefits	19,910,272	5,917,993	25,828,265
Refund of contributions	900,441	-	900,441
Administrative expenses	53,578	32,676	86,254
<b>Total deductions</b>	<b>20,864,291</b>	<b>5,950,669</b>	<b>26,814,960</b>
<b>Change in net position</b>	<b>9,994,543</b>	<b>11,238,201</b>	<b>21,232,744</b>
Net position, beginning of year	161,883,131	158,053,219	319,936,350
<b>Net position, end of year</b>	<b>\$ 171,877,674</b>	<b>\$ 169,291,420</b>	<b>\$ 341,169,094</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, 2025, there were 178 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, 2025, were \$602,802 by the employees and \$1,073,620 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, 2025, was as follows:

	Governmental Activities	Business-type Activities	Component Units
<b>Capital assets:</b>			
Capital assets not being depreciated	\$ 81,584,199	\$ 15,482,190	\$ 842,975
Capital assets being depreciated/amortized, net	208,649,628	135,904,429	246,351
	<u>290,233,827</u>	<u>151,386,619</u>	<u>1,089,326</u>
<b>Related debt:</b>			
Bonds payable	105,476,769	32,383,240	-
Contractual obligations	-	660,640	-
Lease liability	19,135	-	-
Subscription liabilities	2,171,855	-	-
Less: pension and OPEB bonds	(78,715,506)	(10,629,495)	-
Bond premium	2,095,870	236,218	-
Deferred charge on refunding	(15,873)	(299,047)	-
Construction related payables	2,110,681	600,633	-
	<u>33,142,931</u>	<u>22,952,189</u>	<u>-</u>
<b>Net investment in capital assets</b>	<b>\$ 257,090,896</b>	<b>\$ 128,434,430</b>	<b>\$ 1,089,326</b>

#### 18. TAX ABATEMENTS

The City received reduced property tax revenues during 2025 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 \$297,000 in reduced City tax revenues for 2025.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Financial Statements

### 19. OPIOID SETTLEMENT

The City is part of various nationwide Opioid settlements reached by states and local political subdivisions against pharmaceutical distributors, manufacturers, and pharmacies. The terms of the settlements vary by entity; however, the City received installments beginning in 2023 and expects to receive future installments through 2030. The City currently expects the total amount of the settlement to be \$955,993. Settlement payments received during the year ended June 30, 2025 were \$54,472. The total receivable for all of the settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2025 is \$575,572.

Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2025, 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.

### 20. ADJUSTMENTS TO BEGINNING FUND BALANCE

For the year ended June 30, 2025, the City had the following adjustments to beginning fund balance:

	Local Streets	City Capital Projects	Nonmajor Governmental Funds
Fund balances, beginning of year, as previously reported	\$ 1,919,291	\$ 14,666,099	\$ 9,757,411
Change within the financial reporting entity:			
Change from major to nonmajor fund:			
Local streets special revenue fund	(1,919,291)	-	1,919,291
City capital projects fund	-	(14,666,099)	14,666,099
Change from nonmajor to major fund -			
Major streets special revenue fund	-	-	(2,469,644)
Fund balances, beginning of year, as adjusted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,873,157</u>

The City previously reported the local streets special revenue fund and the city capital projects fund as major. These funds no longer meet the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

In addition, the City previously reported the major streets special revenue fund as nonmajor. This fund meets the quantitative threshold for major fund in accordance with GAAP for the year ended June 30, 2025.



## **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,			
	2025	2024	2023	2022
<b>Change in total pension liability</b>				
Service cost	\$ 3,915,663	\$ 3,148,903	\$ 3,013,022	\$ 2,974,594
Interest	19,166,073	18,179,034	17,941,574	17,674,289
Changes of benefit terms	-	51,149	-	-
Differences between expected and actual experience	5,896,186	3,545,915	2,999,881	2,647,052
Changes in assumptions	-	9,305,017	-	-
Benefit payments, including refunds of member contributions	(20,810,713)	(21,187,385)	(20,306,896)	(18,949,950)
Other changes	-	-	-	-
<b>Net change in total pension liability</b>	<b>8,167,209</b>	<b>13,042,633</b>	<b>3,647,581</b>	<b>4,345,985</b>
<b>Total pension liability, beginning</b>	<b>272,807,158</b>	<b>259,764,525</b>	<b>256,116,944</b>	<b>251,770,959</b>
<b>Total pension liability, ending (a)</b>	<b>280,974,367</b>	<b>272,807,158</b>	<b>259,764,525</b>	<b>256,116,944</b>
<b>Change in plan fiduciary net position</b>				
Contributions - employer	9,889,339	9,139,170	8,532,621	8,678,372
Contributions - member	1,044,053	997,090	996,518	894,197
Employee service purchases	74,705	37,746	43,481	708,859
Net investment income (loss)	19,850,737	18,267,002	13,794,482	(21,992,420)
Benefit payments, including refunds of member contributions	(20,810,713)	(21,187,385)	(20,306,896)	(18,949,950)
Administrative expense	(53,578)	(63,664)	(47,669)	(60,315)
<b>Net change in plan fiduciary net position</b>	<b>9,994,543</b>	<b>7,189,959</b>	<b>3,012,537</b>	<b>(30,721,257)</b>
<b>Plan fiduciary net position, beginning</b>	<b>161,883,131</b>	<b>154,693,172</b>	<b>151,680,635</b>	<b>182,401,892</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>171,877,674</b>	<b>161,883,131</b>	<b>154,693,172</b>	<b>151,680,635</b>
<b>City's net pension liability, ending (a)-(b)</b>	<b>\$ 109,096,693</b>	<b>\$ 110,924,027</b>	<b>\$ 105,071,353</b>	<b>\$ 104,436,309</b>
Plan fiduciary net position as a percentage of the total pension liability	61.17%	59.34%	59.55%	59.22%
Covered payroll	\$ 21,034,514	\$ 20,567,175	\$ 20,882,373	\$ 18,715,849
City's net pension liability as a percentage of covered payroll	518.66%	539.33%	503.16%	558.01%

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>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 2,943,285	\$ 3,072,854	\$ 2,679,699	\$ 2,591,005	\$ 2,517,235	\$ 2,542,348
17,346,377	17,159,438	16,458,436	16,218,308	15,789,346	15,445,529
-	-	238,261	-	-	-
3,370,274	1,271,724	1,891,039	1,332,879	3,951,131	2,710,293
-	-	21,018,018	-	-	-
(19,355,449)	(18,366,037)	(17,491,531)	(17,237,196)	(16,388,754)	(16,109,768)
-	-	-	37,994	53,367	-
4,304,487	3,137,979	24,555,661	3,181,251	5,922,325	4,588,402
247,466,472	244,328,493	219,772,832	216,591,581	210,669,256	206,080,854
<u>251,770,959</u>	<u>247,466,472</u>	<u>244,328,493</u>	<u>219,772,832</u>	<u>216,591,581</u>	<u>210,669,256</u>
 8,404,994	 8,575,466	 6,125,484	 5,878,213	 28,605,368	 7,034,692
893,838	914,884	943,151	937,300	952,984	1,157,297
-	105,389	102,167	170,616	111,902	-
42,574,039	4,488,484	8,537,229	11,535,933	16,766,006	(3,312,904)
(19,355,449)	(18,367,647)	(17,491,531)	(17,237,196)	(16,388,754)	(16,109,768)
(59,468)	(78,213)	(109,517)	(57,159)	(71,470)	(99,672)
<u>32,457,954</u>	<u>(4,361,637)</u>	<u>(1,893,017)</u>	<u>1,227,707</u>	<u>29,976,036</u>	<u>(11,330,355)</u>
 149,943,938	 154,305,575	 156,198,592	 154,970,885	 124,994,849	 136,325,204
 182,401,892	 149,943,938	 154,305,575	 156,198,592	 154,970,885	 124,994,849
 <u>\$ 69,369,067</u>	 <u>\$ 97,522,534</u>	 <u>\$ 90,022,918</u>	 <u>\$ 63,574,240</u>	 <u>\$ 61,620,696</u>	 <u>\$ 85,674,407</u>
 72.45%	 60.59%	 63.15%	 71.07%	 71.55%	 59.33%
 \$ 18,814,459	 \$ 18,916,060	 \$ 18,517,659	 \$ 18,885,808	 \$ 16,079,024	 \$ 15,845,062
 368.70%	 515.55%	 486.15%	 336.62%	 383.24%	 540.70%

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
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%
2025	9,889,339	9,889,339	-	21,034,514	47.0%

#### Notes to Schedule of Contributions

Valuation Date June 30, 2023 (for determination of employer contributions for the 2025 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: 15 years, closed

Police and Fire: 20 years, closed

Asset valuation method 4-year smoothed fair value

Inflation 3.00%

Salary increases 3.0% - 5.2%

Investment rate of return 7.25%

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

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

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

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

## CITY OF ROYAL OAK, MICHIGAN

### Required Supplementary Information

Employees' Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <sup>(1)</sup>
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%
2025	12.65%

<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,			
	2025	2024	2023	2022
<b>Total OPEB liability</b>				
Service cost	\$ 424,758	\$ 637,991	\$ 631,433	\$ 682,280
Interest on total OPEB liability	8,082,112	11,063,012	10,592,513	10,455,360
Changes in benefit terms	-	(48,953,155)	-	-
Difference between expected and actual experience	(9,518,046)	(4,441,895)	(6,901,502)	(1,481,728)
Changes in assumptions	6,543,885	6,382,601	8,774,515	-
Benefit payments	(5,917,993)	(5,477,609)	(7,743,548)	(7,733,894)
Other changes	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(385,284)</b>	<b>(40,789,055)</b>	<b>5,353,411</b>	<b>1,922,018</b>
Total OPEB liability, beginning of year	114,224,026	155,013,081	149,659,670	147,737,652
<b>Total OPEB liability, end of year</b>	<b>113,838,742</b>	<b>114,224,026</b>	<b>155,013,081</b>	<b>149,659,670</b>
<b>Plan fiduciary net position</b>				
Employer contributions	1,403,334	1,521,253	1,431,059	1,535,406
Net investment income (loss)	15,785,536	17,786,850	12,061,183	(12,031,582)
Benefit payments	(5,917,993)	(5,477,609)	(7,743,548)	(7,733,894)
Administrative expense	(32,676)	(16,674)	(31,463)	(21,973)
<b>Net change in plan fiduciary net position</b>	<b>11,238,201</b>	<b>13,813,820</b>	<b>5,717,231</b>	<b>(18,252,043)</b>
Plan fiduciary net position, beginning of year	158,053,219	144,239,399	138,522,168	156,774,211
<b>Plan fiduciary net position, end of year</b>	<b>169,291,420</b>	<b>158,053,219</b>	<b>144,239,399</b>	<b>138,522,168</b>
<b>Net OPEB liability (asset)</b>	<b>\$ (55,452,678)</b>	<b>\$ (43,829,193)</b>	<b>\$ 10,773,682</b>	<b>\$ 11,137,502</b>
Plan fiduciary net position as a percentage of total OPEB liability	148.71%	138.37%	93.05%	92.56%
Covered payroll	\$ 8,305,596	\$ 8,952,124	\$ 10,603,701	\$ 10,818,348
Net OPEB liability (asset) as a percentage of covered payroll	-667.65%	-489.60%	101.60%	102.95%

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 and 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.

The 2025 assumption changes resulted from increased rates of retirement for Police and Fire and Police Service Aides and decreased rates of retirement for General employees, updating the mortality assumption, and updated the medical and prescription drug inflation.

**Fiscal Year Ended June 30,**

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
\$ 691,092	\$ 854,604	\$ 727,780	\$ 703,060	\$ 733,901
10,032,196	9,863,756	9,494,786	9,329,723	9,160,807
-	-	-	-	-
(1,393,664)	(645,224)	(10,208,287)	(438,850)	(192,395)
4,288,384	-	20,859,970	-	-
(7,819,881)	(7,516,243)	(7,282,202)	(7,671,260)	(7,343,423)
-	-	-	294	-
5,798,127	2,556,893	13,592,047	1,922,967	2,358,890
<u>141,939,525</u>	<u>139,382,632</u>	<u>125,790,585</u>	<u>123,867,618</u>	<u>121,508,728</u>
<u>147,737,652</u>	<u>141,939,525</u>	<u>139,382,632</u>	<u>125,790,585</u>	<u>123,867,618</u>
962,809	1,086,472	743,637	716,492	119,383,923
36,439,674	940,267	6,574,025	7,408,631	3,439,452
(7,819,881)	(7,516,243)	(7,282,202)	(7,671,260)	(7,343,423)
(37,268)	(23,795)	(40,935)	(29,916)	(24,690)
29,545,334	(5,513,299)	(5,475)	423,947	115,455,262
<u>127,228,877</u>	<u>132,742,176</u>	<u>132,747,651</u>	<u>132,323,704</u>	<u>16,868,442</u>
<u>156,774,211</u>	<u>127,228,877</u>	<u>132,742,176</u>	<u>132,747,651</u>	<u>132,323,704</u>
<u><u>\$ (9,036,559)</u></u>	<u><u>\$ 14,710,648</u></u>	<u><u>\$ 6,640,456</u></u>	<u><u>\$ (6,957,066)</u></u>	<u><u>\$ (8,456,086)</u></u>
106.12%	89.64%	95.24%	105.53%	106.83%
\$ 11,642,228	\$ 12,401,383	\$ 13,668,537	\$ 14,183,345	\$ 14,971,828
-77.62%	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%
2025	1,384,276	1,403,334	19,058	8,305,596	16.9%

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 2025 (Based on the June 30, 2022 Valuation):	
Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	Fair value
Inflation	3.00%
Salary increases	3.0% to 5.2%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Healthy Post-Retirement: The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disability Retirement: The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Health care trend rates	Pre-65: 7.50% trend for the first year, gradually decreasing to 3.25% in year 12 Post-65: 6.25% trend for the first year, gradually decreasing to 3.25% in year 12
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment expenses are net of the investment returns; administrative expenses are included in the premium costs

## CITY OF ROYAL OAK, MICHIGAN

### ■ Required Supplementary Information

Other Postemployment Benefits Plan  
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return <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%
2025	10.12%

<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, 2025

	Special Revenue Funds			
	Local Streets	Solid Waste	Community Development Block Grant	Publicity
<b>Assets</b>				
Cash and investments	\$ 4,290,828	\$ 2,805,848	\$ -	\$ 11,080
Receivables, net	9,618	12,788	2,293,195	62
Due from other governmental units	325,065	-	430,922	-
Inventories	42,175	-	-	-
Restricted assets, cash	-	-	-	-
<b>Total assets</b>	<b>\$ 4,667,686</b>	<b>\$ 2,818,636</b>	<b>\$ 2,724,117</b>	<b>\$ 11,142</b>
<b>Liabilities</b>				
Accounts payable	\$ 285,794	\$ 571,567	\$ 165,341	\$ -
Accrued and other liabilities	165,484	28,426	14,925	420
Due to other funds	-	-	250,656	-
Cash bonds and deposits	-	-	-	-
Unearned revenue	-	-	2,293,195	-
<b>Total liabilities</b>	<b>451,278</b>	<b>599,993</b>	<b>2,724,117</b>	<b>420</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	9,618	12,335	-	62
<b>Fund balances</b>				
Nonspendable:				
Inventories	42,175	-	-	-
Endowment	-	-	-	-
Restricted	4,164,615	2,206,308	-	10,660
Committed	-	-	-	-
<b>Total fund balances</b>	<b>4,206,790</b>	<b>2,206,308</b>	<b>-</b>	<b>10,660</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,667,686</b>	<b>\$ 2,818,636</b>	<b>\$ 2,724,117</b>	<b>\$ 11,142</b>

Special Revenue Funds								
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Grants	Debt Service Fund			
\$ 1,304,927	\$ 2,094,439	\$ 479,885	\$ 136,621	\$ 2,712,435	\$ -			
370	4,664	-	-	9,006				
-	-	-	-	32,573				
-	-	-	-	-				
-	-	-	-	-				
<b>\$ 1,305,297</b>	<b>\$ 2,099,103</b>	<b>\$ 479,885</b>	<b>\$ 136,621</b>	<b>\$ 2,754,014</b>	<b>\$ -</b>			
\$ 156,794	\$ 262,363	\$ 87,487	\$ 102,824	\$ 18,595	\$ -			
10,569	46,667	-	-	4,258				
-	-	-	-	-				
-	-	-	-	2,650				
128,817	-	-	-	808,583				
<b>296,180</b>	<b>309,030</b>	<b>87,487</b>	<b>102,824</b>	<b>834,086</b>	<b>\$ -</b>			
370	4,664	-	-	-	-			
1,008,747	1,785,409	392,398	33,797	1,919,928	-			
-	-	-	-	-				
<b>1,008,747</b>	<b>1,785,409</b>	<b>392,398</b>	<b>33,797</b>	<b>1,919,928</b>	<b>-</b>			
<b>\$ 1,305,297</b>	<b>\$ 2,099,103</b>	<b>\$ 479,885</b>	<b>\$ 136,621</b>	<b>\$ 2,754,014</b>	<b>\$ -</b>			

continued...

# CITY OF ROYAL OAK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds  
June 30, 2025

	Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
	City Capital Projects	Special Assessments			
<b>Assets</b>					
Cash and investments	\$ 10,483,927	\$ -	\$ 11,948	\$ 24,331,938	
Receivables, net	-	889,234	21		3,218,958
Due from other governmental units	-	-	-		788,560
Inventories	-	-	-		42,175
Restricted assets, cash	-	-	1,084		1,084
<b>Total assets</b>	<b>\$ 10,483,927</b>	<b>\$ 889,234</b>	<b>\$ 13,053</b>	<b>\$ 28,382,715</b>	
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,650,765	
Accrued and other liabilities	-	-	-		270,749
Due to other funds	-	-	-		250,656
Cash bonds and deposits	-	-	-		2,650
Unearned revenue	-	-	-		3,230,595
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,405,415</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	854,420	-		881,469
<b>Fund balances</b>					
Nonspendable:					
Inventories	-	-	-		42,175
Endowment	-	-	1,084		1,084
Restricted	-	34,814	11,969		11,568,645
Committed	10,483,927	-	-		10,483,927
<b>Total fund balances</b>	<b>10,483,927</b>	<b>34,814</b>	<b>13,053</b>	<b>\$ 22,095,831</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,483,927</b>	<b>\$ 889,234</b>	<b>\$ 13,053</b>	<b>\$ 28,382,715</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, 2025

	Special Revenue Funds				
	Local Streets	Major Streets (Formerly Nonmajor Fund)	Solid Waste	Community Development Block Grant	Publicity
<b>Revenues</b>					
Taxes	\$ -		\$ 8,463,888	\$ -	\$ 45,951
Licenses and permits	-		-	-	-
Federal grants	-		-	1,389,802	-
State grants	2,230,016		195,197	-	1,110
Charges for services	-		328	243,716	-
Fines and forfeitures	-		-	-	-
Interest and rentals	108,104		233,645	-	1,199
Contributions and donations	215,977		-	-	-
Other revenue	2,761		57,433	8,315	-
<b>Total revenues</b>	<b>2,556,858</b>		<b>8,950,491</b>	<b>1,641,833</b>	<b>48,260</b>
<b>Expenditures</b>					
Current:					
General government	-		-	-	-
Public safety	-		-	-	-
Public works	7,510,910		9,042,659	-	-
Community and economic development	-		-	1,641,833	-
Recreation and culture	-		-	-	85,268
Debt service:					
Principal payments	174,795		133,048	-	-
Interest and paying agent fees	128,947		95,595	-	-
<b>Total expenditures</b>	<b>7,814,652</b>		<b>9,271,302</b>	<b>1,641,833</b>	<b>85,268</b>
Revenues over (under) expenditures	(5,257,794)		(320,811)	-	(37,008)
<b>Other financing sources (uses)</b>					
Transfers in	7,545,293		-	-	42,500
Transfers out	-		(8,500)	-	-
<b>Total other financing sources (uses)</b>	<b>7,545,293</b>		<b>(8,500)</b>	<b>-</b>	<b>42,500</b>
<b>Net change in fund balances</b>	<b>2,287,499</b>		<b>(329,311)</b>	<b>-</b>	<b>5,492</b>
Fund balances, beginning of year, as previously reported	-	\$ 2,469,644	2,535,619	-	5,168
Change within financial reporting entity	1,919,291	(2,469,644)	-	-	-
Fund balances, beginning of year, as adjusted	1,919,291	\$ -	2,535,619	-	5,168
<b>Fund balances, end of year</b>	<b>\$ 4,206,790</b>		<b>\$ 2,206,308</b>	<b>\$ -</b>	<b>\$ 10,660</b>

**Special Revenue Funds**

Special Revenue Funds						
Senior Citizens Program	Library Millage	Donations	Indigent Defense	Grants	Debt Service Fund	
\$ 717,223	\$ 3,849,362	\$ -	\$ -	\$ -	\$ 53,665	\$ -
-	-	-	-	-	92,190	-
71,430	-	-	-	-	-	-
16,562	224,091	-	886,922	49,462	-	-
329,746	14,408	-	-	-	-	-
-	2,427	-	-	93,726	-	-
58,208	131,014	18,312	-	94,565	-	-
154,958	20,791	127,703	-	37,655	-	-
-	71,748	-	-	-	-	-
<u>1,348,127</u>	<u>4,313,841</u>	<u>146,015</u>	<u>886,922</u>	<u>421,263</u>	<u>-</u>	<u>-</u>
 - - - - -	 - - - - -	 - - - - -	 959,375	 - - - - -	 - - - - -	 - - - - -
 - - - - -	 - - - - -	 - - - - -	 - - - - -	 363,075	 - - - - -	 - - - - -
 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -
 1,367,100	 3,681,436	 188,230	 - - - - -	 21,459	 - - - - -	 - - - - -
 32,390	 205,138	 - - - - -	 - - - - -	 - - - - -	 930,001	 - - - - -
 23,895	 151,338	 - - - - -	 - - - - -	 - - - - -	 1,280,080	 - - - - -
 <u>1,423,385</u>	 <u>4,037,912</u>	 <u>188,230</u>	 <u>959,375</u>	 <u>384,534</u>	 <u>2,210,081</u>	 <u>- - - - -</u>
 <u>(75,258)</u>	 <u>275,929</u>	 <u>(42,215)</u>	 <u>(72,453)</u>	 <u>36,729</u>	 <u>(2,210,081)</u>	 <u>- - - - -</u>
 150,000	 - - - - -	 1,500	 22,870	 165,180	 2,210,081	 - - - - -
 (8,500)	 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -	 (16,782)
 <u>141,500</u>	 <u>- - - - -</u>	 <u>1,500</u>	 <u>22,870</u>	 <u>165,180</u>	 <u>2,193,299</u>	 <u>- - - - -</u>
 66,242	 275,929	 (40,715)	 (49,583)	 201,909	 (16,782)	 - - - - -
 942,505	 1,509,480	 433,113	 83,380	 1,718,019	 16,782	 - - - - -
 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -	 - - - - -
 <u>942,505</u>	 <u>1,509,480</u>	 <u>433,113</u>	 <u>83,380</u>	 <u>1,718,019</u>	 <u>16,782</u>	 <u>- - - - -</u>
 <u>\$ 1,008,747</u>	 <u>\$ 1,785,409</u>	 <u>\$ 392,398</u>	 <u>\$ 33,797</u>	 <u>\$ 1,919,928</u>	 <u>\$ -</u>	 <u>- - - - -</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, 2025

	Capital Projects				Total Nonmajor Governmental Funds
	City Capital Projects	Special Assessments	Permanent Fund		
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 13,076,424
Licenses and permits	-	-	-	-	53,665
Federal grants	-	-	-	-	1,553,422
State grants	-	-	-	-	3,603,360
Charges for services	-	-	-	-	588,198
Fines and forfeitures	-	-	-	-	96,153
Interest and rentals	32,142	51,484	124		728,797
Contributions and donations	-	497,114	-		1,054,198
Other revenue	-	-	-		140,257
<b>Total revenues</b>	<b>32,142</b>	<b>548,598</b>	<b>124</b>		<b>20,894,474</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	959,375
Public safety	-	-	-	-	363,075
Public works	181,314	274	-		16,735,157
Community and economic development	-	-	-		1,641,833
Recreation and culture	-	-	-		5,343,493
Debt service:					
Principal payments	-	-	-	-	1,475,372
Interest and paying agent fees	-	-	-	-	1,679,855
<b>Total expenditures</b>	<b>181,314</b>	<b>274</b>	<b>-</b>		<b>28,198,160</b>
Revenues over (under) expenditures	(149,172)	548,324	124		(7,303,686)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	10,137,424
Transfers out	(4,033,000)	(544,282)	-		(4,611,064)
<b>Total other financing sources (uses)</b>	<b>(4,033,000)</b>	<b>(544,282)</b>	<b>-</b>		<b>5,526,360</b>
<b>Net change in fund balances</b>	<b>(4,182,172)</b>	<b>4,042</b>	<b>124</b>		<b>(1,777,326)</b>
Fund balances, beginning of year, as previously reported	-	30,772	12,929		9,757,411
Change within financial reporting entity	14,666,099	-	-		14,115,746
Fund balances, beginning of year, as adjusted	14,666,099	30,772	12,929		23,873,157
<b>Fund balances, end of year</b>	<b>\$ 10,483,927</b>	<b>\$ 34,814</b>	<b>\$ 13,053</b>		<b>\$ 22,095,831</b>

concluded.

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 2,240,570	\$ 2,240,570	\$ 2,230,016	\$ (10,554)
Interest and rentals	52,800	52,800	108,104	55,304
Contributions and donations	-	-	215,977	215,977
Other revenue	-	-	2,761	2,761
<b>Total revenues</b>	<b>2,293,370</b>	<b>2,293,370</b>	<b>2,556,858</b>	<b>263,488</b>
<b>Expenditures</b>				
Current -				
Public works	10,244,350	9,987,850	7,510,910	(2,476,940)
Debt service:				
Principal payments	174,830	174,830	174,795	(35)
Interest and paying agent fees	128,960	128,960	128,947	(13)
<b>Total expenditures</b>	<b>10,548,140</b>	<b>10,291,640</b>	<b>7,814,652</b>	<b>(2,476,988)</b>
Revenues under expenditures	(8,254,770)	(7,998,270)	(5,257,794)	2,740,476
<b>Other financing sources</b>				
Transfers in	7,308,890	7,308,890	7,545,293	236,403
<b>Net change in fund balance</b>	<b>(945,880)</b>	<b>(689,380)</b>	<b>2,287,499</b>	<b>2,976,879</b>
Fund balance, beginning of year	<u>1,919,291</u>	<u>1,919,291</u>	<u>1,919,291</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 973,411</b>	<b>\$ 1,229,911</b>	<b>\$ 4,206,790</b>	<b>\$ 2,976,879</b>

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Solid Waste Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 8,531,000	\$ 8,531,000	\$ 8,463,888	\$ (67,112)
State grants	240,000	240,000	195,197	(44,803)
Charges for services	-	-	328	328
Interest and rentals	297,890	297,890	233,645	(64,245)
Other revenue	40,000	40,000	57,433	17,433
<b>Total revenues</b>	<b>9,108,890</b>	<b>9,108,890</b>	<b>8,950,491</b>	<b>(158,399)</b>
<b>Expenditures</b>				
Current -				
Public works	8,875,390	9,105,390	9,042,659	(62,731)
Debt service:				
Principal payments	130,000	130,000	133,048	3,048
Interest and paying agent fees	96,500	96,500	95,595	(905)
<b>Total expenditures</b>	<b>9,101,890</b>	<b>9,331,890</b>	<b>9,271,302</b>	<b>(60,588)</b>
Revenues over (under) expenditures	7,000	(223,000)	(320,811)	(97,811)
<b>Other financing uses</b>				
Transfers out	(7,000)	(8,500)	(8,500)	-
<b>Net change in fund balance</b>	<b>-</b>	<b>(231,500)</b>	<b>(329,311)</b>	<b>(97,811)</b>
Fund balance, beginning of year	<u>2,535,619</u>	<u>2,535,619</u>	<u>2,535,619</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 2,535,619</b>	<b>\$ 2,304,119</b>	<b>\$ 2,206,308</b>	<b>\$ (97,811)</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 1,180,080	\$ 1,179,934	\$ 1,389,802	\$ 209,868
Charges for services	250,000	250,000	243,716	(6,284)
Other revenue	<u>194,200</u>	<u>1,006,807</u>	<u>8,315</u>	<u>(998,492)</u>
<b>Total revenues</b>	<b>1,624,280</b>	<b>2,436,741</b>	<b>1,641,833</b>	<b>(794,908)</b>
<b>Expenditures</b>				
Current -				
Community and economic development	<u>1,624,280</u>	<u>2,436,741</u>	<u>1,641,833</u>	<u>(794,908)</u>
<b>Net change in fund balance</b>	<b>-</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>\$ -</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 48,000	\$ 48,000	\$ 45,951	\$ (2,049)
State grants	1,400	1,400	1,110	(290)
Interest and rentals	500	500	1,199	699
<b>Total revenues</b>	<b>49,900</b>	<b>49,900</b>	<b>48,260</b>	<b>(1,640)</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	84,900	92,400	85,268	(7,132)
Revenues under expenditures	(35,000)	(42,500)	(37,008)	5,492
<b>Other financing sources</b>				
Transfers in	35,000	42,500	42,500	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>5,492</b>	<b>5,492</b>
Fund balance, beginning of year	5,168	5,168	5,168	-
<b>Fund balance, end of year</b>	<b>\$ 5,168</b>	<b>\$ 5,168</b>	<b>\$ 10,660</b>	<b>\$ 5,492</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 719,000	\$ 719,000	\$ 717,223	\$ (1,777)
Federal grants	-	-	71,430	71,430
State grants	11,500	11,500	16,562	5,062
Charges for services	244,200	244,200	329,746	85,546
Interest and rentals	12,020	12,020	58,208	46,188
Contributions and donations	217,691	217,691	154,958	(62,733)
<b>Total revenues</b>	<b>1,204,411</b>	<b>1,204,411</b>	<b>1,348,127</b>	<b>143,716</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	1,417,885	1,691,314	1,367,100	(324,214)
Debt service:				
Principal payments	32,600	32,600	32,390	(210)
Interest and paying agent fees	24,000	24,000	23,895	(105)
<b>Total expenditures</b>	<b>1,474,485</b>	<b>1,747,914</b>	<b>1,423,385</b>	<b>(324,529)</b>
Revenues under expenditures	(270,074)	(543,503)	(75,258)	468,245
<b>Other financing sources (uses)</b>				
Transfers in	354,981	150,000	150,000	-
Transfers out	(7,000)	(8,500)	(8,500)	-
<b>Total other financing sources (uses)</b>	<b>347,981</b>	<b>141,500</b>	<b>141,500</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>77,907</b>	<b>(402,003)</b>	<b>66,242</b>	<b>468,245</b>
Fund balance, beginning of year	942,505	942,505	942,505	-
<b>Fund balance, end of year</b>	<b>\$ 1,020,412</b>	<b>\$ 540,502</b>	<b>\$ 1,008,747</b>	<b>\$ 468,245</b>

# CITY OF ROYAL OAK, MICHIGAN

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

Budget and Actual - Library Millage Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 3,842,000	\$ 3,842,000	\$ 3,849,362	\$ 7,362
State grants	213,350	223,350	224,091	741
Charges for services	7,700	11,700	14,408	2,708
Fines and forfeitures	2,400	2,400	2,427	27
Interest and rentals	126,120	126,120	131,014	4,894
Contributions and donations	25,000	37,500	20,791	(16,709)
Other revenue	1,000	71,000	71,748	748
<b>Total revenues</b>	<b>4,217,570</b>	<b>4,314,070</b>	<b>4,313,841</b>	<b>(229)</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	4,303,445	4,002,025	3,681,436	(320,589)
Debt service:				
Principal payments	206,000	206,000	205,138	(862)
Interest and paying agent fees	153,000	153,000	151,338	(1,662)
<b>Total expenditures</b>	<b>4,662,445</b>	<b>4,361,025</b>	<b>4,037,912</b>	<b>(323,113)</b>
Revenues over (under) expenditures	(444,875)	(46,955)	275,929	322,884
<b>Other financing sources</b>				
Transfers in	362,000	-	-	-
<b>Net change in fund balance</b>	<b>(82,875)</b>	<b>(46,955)</b>	<b>275,929</b>	<b>322,884</b>
Fund balance, beginning of year	1,509,480	1,509,480	1,509,480	-
<b>Fund balance, end of year</b>	<b>\$ 1,426,605</b>	<b>\$ 1,462,525</b>	<b>\$ 1,785,409</b>	<b>\$ 322,884</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rentals	\$ 17,410	\$ 17,410	\$ 18,312	\$ 902
Contributions and donations	<u>125,000</u>	<u>125,000</u>	<u>127,703</u>	<u>2,703</u>
<b>Total revenues</b>	<b>142,410</b>	<b>142,410</b>	<b>146,015</b>	<b>3,605</b>
<b>Expenditures</b>				
Current -				
Recreation and culture	<u>179,000</u>	<u>128,400</u>	<u>188,230</u>	<u>59,830</u>
Revenues over (under) expenditures	(36,590)	14,010	(42,215)	(56,225)
<b>Other financing sources</b>				
Transfers in	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(35,090)</b>	<b>15,510</b>	<b>(40,715)</b>	<b>(56,225)</b>
Fund balance, beginning of year	<u>433,113</u>	<u>433,113</u>	<u>433,113</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 398,023</b>	<b>\$ 448,623</b>	<b>\$ 392,398</b>	<b>\$ (56,225)</b>

## 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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 1,100,000	\$ 1,100,000	\$ 886,922	\$ (213,078)
<b>Expenditures</b>				
Current -				
General government	<u>1,123,000</u>	<u>1,123,000</u>	<u>959,375</u>	<u>(163,625)</u>
Revenues under expenditures	(23,000)	(23,000)	(72,453)	(49,453)
<b>Other financing sources</b>				
Transfers in	<u>23,000</u>	<u>23,000</u>	<u>22,870</u>	<u>(130)</u>
<b>Net change in fund balance</b>	-	-	(49,583)	(49,583)
Fund balance, beginning of year	<u>83,380</u>	<u>83,380</u>	<u>83,380</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 83,380</u>	<u>\$ 83,380</u>	<u>\$ 33,797</u>	<u>\$ (49,583)</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 50,000	\$ 53,700	\$ 53,665	\$ (35)
Federal grants	45,000	319,100	92,190	(226,910)
State grants	-	117,000	49,462	(67,538)
Fines and forfeitures	-	-	93,726	93,726
Interest and rentals	84,569	86,269	94,565	8,296
Contributions and donations	42,680	46,680	37,655	(9,025)
<b>Total revenues</b>	<b>222,249</b>	<b>622,749</b>	<b>421,263</b>	<b>(201,486)</b>
<b>Expenditures</b>				
Current:				
Public safety	357,049	420,549	363,075	(57,474)
Recreation and culture	-	-	21,459	21,459
<b>Total expenditures</b>	<b>357,049</b>	<b>420,549</b>	<b>384,534</b>	<b>(36,015)</b>
Revenues over (under) expenditures	(134,800)	202,200	36,729	(165,471)
<b>Other financing sources</b>				
Transfers in	134,800	165,180	165,180	-
<b>Net change in fund balance</b>	<b>-</b>	<b>367,380</b>	<b>201,909</b>	<b>(165,471)</b>
Fund balance, beginning of year	<u>1,718,019</u>	<u>1,718,019</u>	<u>1,718,019</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 1,718,019</b>	<b>\$ 2,085,399</b>	<b>\$ 1,919,928</b>	<b>\$ (165,471)</b>

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Net Position

Nonmajor Enterprise Funds  
June 30, 2025

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 67,963	\$ 28,977	\$ 71,976	\$ 627,993	\$ 796,909
Receivables, net	-	-	-	25,549	25,549
Total current assets	<u>67,963</u>	<u>28,977</u>	<u>71,976</u>	<u>653,542</u>	<u>822,458</u>
Noncurrent assets:					
Lease receivable	-	105,114	-	-	105,114
Net other postemployment benefit asset	-	358,981	-	-	358,981
Capital assets not being depreciated	-	-	-	195,312	195,312
Capital assets being depreciated, net	-	2,450,115	1,140,405	722,334	4,312,854
Total noncurrent assets	<u>-</u>	<u>2,914,210</u>	<u>1,140,405</u>	<u>917,646</u>	<u>4,972,261</u>
<b>Total assets</b>	<u>67,963</u>	<u>2,943,187</u>	<u>1,212,381</u>	<u>1,571,188</u>	<u>5,794,719</u>
<b>Deferred outflows of resources</b>					
Deferred pension amounts					
	<u>-</u>	<u>7,589</u>	<u>-</u>	<u>-</u>	<u>7,589</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	-	12,499	69,036	39,916	121,451
Accrued and other liabilities	-	16,025	2,843	(37)	18,831
Unearned revenue	-	-	-	32,664	32,664
Bonds and notes payable, due within one year	-	55,867	11,173	-	67,040
Compensated absences, current	-	8,011	450	-	8,461
Total current liabilities	<u>-</u>	<u>92,402</u>	<u>83,502</u>	<u>72,543</u>	<u>248,447</u>
Noncurrent liabilities:					
Bonds and notes payable	-	876,243	175,249	-	1,051,492
Compensated absences	-	7,998	449	-	8,447
Net pension liability	-	107,031	-	-	107,031
Total noncurrent liabilities	<u>-</u>	<u>991,272</u>	<u>175,698</u>	<u>-</u>	<u>1,166,970</u>
<b>Total liabilities</b>	<u>-</u>	<u>1,083,674</u>	<u>259,200</u>	<u>72,543</u>	<u>1,415,417</u>
<b>Deferred inflows of resources</b>					
Deferred pension amounts					
	<u>-</u>	<u>5,440</u>	<u>-</u>	<u>-</u>	<u>5,440</u>
Deferred other postemployment benefit amounts	-	25,294	-	-	25,294
Deferred lease amounts	-	105,114	-	-	105,114
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>135,848</u>	<u>-</u>	<u>-</u>	<u>135,848</u>
<b>Net position</b>					
Investment in capital assets	-	2,450,115	1,140,405	917,646	4,508,166
Restricted for other postemployment benefits	-	358,981	-	-	358,981
Unrestricted (deficit)	<u>67,963</u>	<u>(1,077,842)</u>	<u>(187,224)</u>	<u>580,999</u>	<u>(616,104)</u>
<b>Total net position</b>	<u>\$ 67,963</u>	<u>\$ 1,731,254</u>	<u>\$ 953,181</u>	<u>\$ 1,498,645</u>	<u>\$ 4,251,043</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, 2025

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Operating revenues</b>					
Charges for services	\$ 330,345	\$ 458,790	\$ 1,773,628	\$ 592,181	\$ 3,154,944
Other	-	305	7,846	10,524	18,675
<b>Total operating revenues</b>	<u>330,345</u>	<u>459,095</u>	<u>1,781,474</u>	<u>602,705</u>	<u>3,173,619</u>
<b>Operating expenses</b>					
Salaries and benefits	53,567	213,976	12,790	5,256	285,589
Supplies	-	20,836	129,582	31,199	181,617
Other services and charges	166,738	306,093	1,730,277	553,913	2,757,021
Depreciation	-	87,765	105,235	58,743	251,743
<b>Total operating expenses</b>	<u>220,305</u>	<u>628,670</u>	<u>1,977,884</u>	<u>649,111</u>	<u>3,475,970</u>
Operating income (loss)	<u>110,040</u>	<u>(169,575)</u>	<u>(196,410)</u>	<u>(46,406)</u>	<u>(302,351)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	8,212	4,476	394	22,572	35,654
Interest expense	-	(39,380)	(7,876)	-	(47,256)
<b>Total nonoperating revenues (expenses)</b>	<u>8,212</u>	<u>(34,904)</u>	<u>(7,482)</u>	<u>22,572</u>	<u>(11,602)</u>
Income (loss) before transfers	<u>118,252</u>	<u>(204,479)</u>	<u>(203,892)</u>	<u>(23,834)</u>	<u>(313,953)</u>
<b>Transfers</b>					
Transfers in	-	121,000	119,000	-	240,000
Transfers out	(150,000)	-	(8,500)	-	(158,500)
<b>Net transfers</b>	<u>(150,000)</u>	<u>121,000</u>	<u>110,500</u>	<u>-</u>	<u>81,500</u>
<b>Change in net position</b>	<u>(31,748)</u>	<u>(83,479)</u>	<u>(93,392)</u>	<u>(23,834)</u>	<u>(232,453)</u>
Net position, beginning of year	<u>99,711</u>	<u>1,814,733</u>	<u>1,046,573</u>	<u>1,522,479</u>	<u>4,483,496</u>
<b>Net position, end of year</b>	<u>\$ 67,963</u>	<u>\$ 1,731,254</u>	<u>\$ 953,181</u>	<u>\$ 1,498,645</u>	<u>\$ 4,251,043</u>

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2025

	Arts, Beats & Eats	Recreation Administration	Ice Arena	Farmers Market	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 330,345	\$ 458,790	\$ 1,779,848	\$ 603,004	\$ 3,171,987
Other operating receipts	-	305	7,846	10,524	18,675
Payments to vendors	(141,738)	(321,615)	(1,851,941)	(580,584)	(2,895,878)
Payments to employees	(53,567)	(267,816)	(11,668)	(6,686)	(339,737)
<b>Net cash from operating activities</b>	<b>135,040</b>	<b>(130,336)</b>	<b>(75,915)</b>	<b>26,258</b>	<b>(44,953)</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	121,000	119,000	-	240,000
Transfers to other funds	(150,000)	-	(8,500)	-	(158,500)
Principal paid on bonds payable	-	(53,984)	(10,797)	-	(64,781)
Interest paid on bonds payable	-	(39,380)	(7,876)	-	(47,256)
<b>Net cash from noncapital financing activities</b>	<b>(150,000)</b>	<b>27,636</b>	<b>91,827</b>	<b>-</b>	<b>(30,537)</b>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	-	-	(27,955)	-	(27,955)
<b>Cash flows from investing activities</b>					
Interest received on investments	8,212	4,476	394	22,572	35,654
<b>Net change in cash and investments</b>	<b>(6,748)</b>	<b>(98,224)</b>	<b>(11,649)</b>	<b>48,830</b>	<b>(67,791)</b>
Cash and investments balances, beginning of year	74,711	127,201	83,625	579,163	864,700
<b>Cash and investments balances, end of year</b>	<b>\$ 67,963</b>	<b>\$ 28,977</b>	<b>\$ 71,976</b>	<b>\$ 627,993</b>	<b>\$ 796,909</b>

continued...

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended June 30, 2025

	<b>Arts, Beats &amp; Eats</b>	<b>Recreation Administration</b>	<b>Ice Arena</b>	<b>Farmers Market</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating income (loss)	\$ 110,040	\$ (169,575)	\$ (196,410)	\$ (46,406)	\$ (302,351)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	-	87,765	105,235	58,743	251,743
Changes in assets and liabilities:					
Receivables, net	-	-	6,220	(10,728)	(4,508)
Prepaid items	25,000	-	-	-	25,000
Lease receivable	-	21,496	-	-	21,496
Net other postemployment benefit asset	-	(85,507)	-	-	(85,507)
Deferred outflows related to the net pension liability	-	(332)	-	-	(332)
Deferred outflows related to the net other postemployment benefit asset	-	24	-	-	24
Accounts payable	-	5,314	7,918	4,528	17,760
Accrued and other liabilities	-	(329)	223	(465)	(571)
Unearned revenue	-	-	-	21,551	21,551
Compensated absences	-	3,482	899	(965)	3,416
Net pension liability	-	16,691	-	-	16,691
Deferred inflows related to the net pension liability	-	5,440	-	-	5,440
Deferred inflows related to the net other postemployment benefit asset	-	6,691	-	-	6,691
Deferred inflows related to leases	-	(21,496)	-	-	(21,496)
<b>Net cash from operating activities</b>	<b>\$ 135,040</b>	<b>\$ (130,336)</b>	<b>\$ (75,915)</b>	<b>\$ 26,258</b>	<b>\$ (44,953)</b>

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Net Position

Internal Service Funds  
June 30, 2025

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 5,638,314	\$ 12,449,122	\$ 2,057,037	\$ 3,153,388	\$ 3,435,775	\$ 26,733,636
Prepaid items	-	-	20,604	1,265,851	508,588	1,795,043
Inventories	-	138,705	-	-	-	138,705
Total current assets	<u>5,638,314</u>	<u>12,587,827</u>	<u>2,077,641</u>	<u>4,419,239</u>	<u>3,944,363</u>	<u>28,667,384</u>
Noncurrent assets:						
Net other postemployment benefit asset	-	1,325,161	-	-	-	1,325,161
Capital assets not being depreciated	-	13,591	-	-	-	13,591
Capital assets being depreciated/amortized, net	950,546	10,492,282	-	-	-	11,442,828
Total noncurrent assets	<u>950,546</u>	<u>11,831,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,781,580</u>
<b>Total assets</b>	<u>6,588,860</u>	<u>24,418,861</u>	<u>2,077,641</u>	<u>4,419,239</u>	<u>3,944,363</u>	<u>41,448,964</u>
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	-	15,873	-	-	-	15,873
Deferred pension amounts	-	<u>28,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,471</u>
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>44,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,344</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	337,063	118,439	26,245	13,126	-	494,873
Accrued and other liabilities	25,645	83,394	-	290,000	-	399,039
Bonds payable, due within one year	44,694	348,071	-	-	-	392,765
Other long-term liabilities, current	132,253	3,738	79,492	-	408,565	624,048
Compensated absences, current	22,644	30,192	-	-	-	52,836
Total current liabilities	<u>562,299</u>	<u>583,834</u>	<u>105,737</u>	<u>303,126</u>	<u>408,565</u>	<u>1,963,561</u>
Noncurrent liabilities:						
Bonds payable	700,994	4,872,894	-	-	-	5,573,888
Other long-term liabilities	565,062	4,049	79,492	-	408,565	1,057,168
Compensated absences	22,711	29,341	-	-	-	52,052
Net pension liability	-	401,581	-	-	-	401,581
Total noncurrent liabilities	<u>1,288,767</u>	<u>5,307,865</u>	<u>79,492</u>	<u>-</u>	<u>408,565</u>	<u>7,084,689</u>
<b>Total liabilities</b>	<u>1,851,066</u>	<u>5,891,699</u>	<u>185,229</u>	<u>303,126</u>	<u>817,130</u>	<u>9,048,250</u>
<b>Deferred inflows of resources</b>						
Deferred pension amounts	-	20,409	-	-	-	20,409
Deferred other postemployment benefit amounts	-	<u>93,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,371</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>113,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,780</u>
<b>Net position</b>						
Net investment in capital assets	253,231	10,326,389	-	-	-	10,579,620
Restricted for other postemployment benefits	-	1,325,161	-	-	-	1,325,161
Unrestricted	4,484,563	6,806,176	1,892,412	4,116,113	3,127,233	20,426,497
<b>Total net position</b>	<u>\$ 4,737,794</u>	<u>\$ 18,457,726</u>	<u>\$ 1,892,412</u>	<u>\$ 4,116,113</u>	<u>\$ 3,127,233</u>	<u>\$ 32,331,278</u>

**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, 2025

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Operating revenues</b>						
Charges for services	\$ 2,193,160	\$ 5,261,991	\$ 380,507	\$ 9,424,883	\$ 1,601,526	\$ 18,862,067
Other revenue	227,740	705,652	82,203	125,169	639,255	1,780,019
<b>Total operating revenues</b>	<b>2,420,900</b>	<b>5,967,643</b>	<b>462,710</b>	<b>9,550,052</b>	<b>2,240,781</b>	<b>20,642,086</b>
<b>Operating expenses</b>						
Salaries and benefits	560,671	858,911	209,081	10,295,862	-	11,924,525
Supplies	370,041	920,829	-	-	-	1,290,870
Other services and charges	974,420	687,008	267,683	2,243	1,586,382	3,517,736
Depreciation/amortization	198,265	1,630,287	-	-	-	1,828,552
<b>Total operating expenses</b>	<b>2,103,397</b>	<b>4,097,035</b>	<b>476,764</b>	<b>10,298,105</b>	<b>1,586,382</b>	<b>18,561,683</b>
Operating income (loss)	317,503	1,870,608	(14,054)	(748,053)	654,399	2,080,403
<b>Nonoperating revenues (expenses)</b>						
Interest expense	(31,504)	(220,765)	-	-	-	(252,269)
Gain on sale of capital assets	-	199,661	-	-	-	199,661
<b>Total nonoperating revenue (expenses)</b>	<b>(31,504)</b>	<b>(21,104)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,608)</b>
<b>Change in net position</b>	<b>285,999</b>	<b>1,849,504</b>	<b>(14,054)</b>	<b>(748,053)</b>	<b>654,399</b>	<b>2,027,795</b>
Net position, beginning of year	4,451,795	16,608,222	1,906,466	4,864,166	2,472,834	30,303,483
<b>Net position, end of year</b>	<b>\$ 4,737,794</b>	<b>\$ 18,457,726</b>	<b>\$ 1,892,412</b>	<b>\$ 4,116,113</b>	<b>\$ 3,127,233</b>	<b>\$ 32,331,278</b>

**CITY OF ROYAL OAK, MICHIGAN**

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2025

	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	\$ 2,193,160	\$ 5,261,991	\$ 380,507	\$ 9,424,883	\$ 1,601,526	\$ 18,862,067
Other operating receipts	227,740	705,652	82,203	125,169	639,255	1,780,019
Payments to vendors	(1,036,742)	(1,652,987)	(197,659)	(364)	(2,330,942)	(5,218,694)
Payments to employees	(550,906)	(1,107,168)	(250,297)	(9,325,371)	-	(11,233,742)
<b>Net cash from operating activities</b>	<b>833,252</b>	<b>3,207,488</b>	<b>14,754</b>	<b>224,317</b>	<b>(90,161)</b>	<b>4,189,650</b>
<b>Cash flows from noncapital financing activities</b>						
Principal paid on bonds payable	(43,187)	(333,022)	-	-	-	(376,209)
Interest paid on bonds payable	(27,736)	(215,060)	-	-	-	(242,796)
<b>Net cash from financing activities</b>	<b>(70,923)</b>	<b>(548,082)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(619,005)</b>
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(31,836)	(3,890,594)	-	-	-	(3,922,430)
Principal paid on bonds payable and other long-term liabilities	(145,991)	(3,443)	-	-	-	(149,434)
Interest paid on bonds payable and other long-term liabilities	(3,769)	(3,315)	-	-	-	(7,084)
Proceeds from sale of capital assets	-	241,803	-	-	-	241,803
<b>Net cash from capital and related financing activities</b>	<b>(181,596)</b>	<b>(3,655,549)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,837,145)</b>
<b>Net change in cash and investments</b>	<b>580,733</b>	<b>(996,143)</b>	<b>14,754</b>	<b>224,317</b>	<b>(90,161)</b>	<b>(266,500)</b>
Cash and investments balances, beginning of year	5,057,581	13,445,265	2,042,283	2,929,071	3,525,936	27,000,136
<b>Cash and investments balances, end of year</b>	<b>\$ 5,638,314</b>	<b>\$ 12,449,122</b>	<b>\$ 2,057,037</b>	<b>\$ 3,153,388</b>	<b>\$ 3,435,775</b>	<b>\$ 26,733,636</b>

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## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2025

	Information Systems	Motor Pool	Workers Compensation	Medical Self-Insurance	Liability Insurance	Total
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>						
Operating income (loss) \$ 317,503 \$ 1,870,608 \$ (14,054) \$ (748,053) \$ 654,399 \$ 2,080,403						
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation/amortization	198,265	1,630,287	-	-	-	1,828,552
Changes in assets and liabilities:						
Receivables, net	-	5,807	-	-	-	5,807
Prepaid items	-	-	79,393	920,491	(508,588)	491,296
Inventories	-	12,476	-	-	-	12,476
Net other postemployment benefit asset	-	(335,238)	-	-	-	(335,238)
Deferred outflows related to the net pension liability	-	(1,244)	-	-	-	(1,244)
Deferred outflows related to the net other postemployment benefit asset	-	86	-	-	-	86
Accounts payable	307,719	(63,433)	(9,369)	1,879	(124,352)	112,444
Accrued and other liabilities	6,139	(2,488)	-	50,000	-	53,651
Other long-term liabilities	-	-	(41,216)	-	(111,620)	(152,836)
Compensated absences	3,626	(18,441)	-	-	-	(14,815)
Net pension liability	-	62,626	-	-	-	62,626
Deferred inflows related to the net pension liability	-	20,409	-	-	-	20,409
Deferred inflows related to the net other postemployment benefit asset	-	26,033	-	-	-	26,033
<b>Net cash from operating activities</b>	<b>\$ 833,252</b>	<b>\$ 3,207,488</b>	<b>\$ 14,754</b>	<b>\$ 224,317</b>	<b>\$ (90,161)</b>	<b>\$ 4,189,650</b>
<b>Noncash capital and related financing activities</b>						
Addition of subscription assets	\$ (170,565)	\$ -	\$ -	\$ -	\$ -	\$ (170,565)
Addition of subscription liabilities	<u>170,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,565</u>
<b>Total noncash activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

concluded.

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2025

	General Custodial	Tax Collection	44th District Court	Total
<b>Assets</b>				
Cash and investments	\$ 56,740	\$ 4,381,986	\$ 151,392	\$ 4,590,118
<b>Liabilities</b>				
Undistributed receipts	-	4,381,986	65,645	4,447,631
Due to City of Berkley	-	-	14,496	14,496
Bonds and deposits	31	-	71,251	71,282
<b>Total liabilities</b>	<b>31</b>	<b>4,381,986</b>	<b>151,392</b>	<b>4,533,409</b>
<b>Net position</b>				
Restricted for individuals, organizations and other governments	\$ 56,709	\$ -	\$ -	\$ 56,709

## CITY OF ROYAL OAK, MICHIGAN

### Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2025

	General Custodial	Tax Collection	44th District Court	Total
<b>Additions</b>				
Taxes collected for other governments	\$ -	\$ 99,596,387	\$ -	\$ 99,596,387
Other additions	<u>85,650</u>	<u>-</u>	<u>880,177</u>	<u>965,827</u>
<b>Total additions</b>	<b><u>85,650</u></b>	<b><u>99,596,387</u></b>	<b><u>880,177</u></b>	<b><u>100,562,214</u></b>
<b>Deductions</b>				
Payments of taxes to other governments	-	99,596,387	-	99,596,387
Other deductions	<u>80,211</u>	<u>-</u>	<u>880,177</u>	<u>960,388</u>
<b>Total deductions</b>	<b><u>80,211</u></b>	<b><u>99,596,387</u></b>	<b><u>880,177</u></b>	<b><u>100,556,775</u></b>
<b>Change in net position</b>	<b>5,439</b>	<b>-</b>	<b>-</b>	<b>5,439</b>
Net position, beginning of year	<u>51,270</u>	<u>-</u>	<u>-</u>	<u>51,270</u>
<b>Net position, end of year</b>	<b><u>\$ 56,709</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 56,709</u></b>

## CITY OF ROYAL OAK, MICHIGAN

### Balance Sheets

Component Units  
June 30, 2025

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Assets</b>				
Cash and investments	\$ 2,669,876	\$ 127,091	\$ 468,352	\$ 3,265,319
Receivables, net	89,092	-	4,431	93,523
Prepaid items	100,000	-	-	100,000
<b>Total assets</b>	<u>\$ 2,858,968</u>	<u>\$ 127,091</u>	<u>\$ 472,783</u>	<u>\$ 3,458,842</u>
<b>Liabilities</b>				
Accounts payable	\$ 138,566	\$ 192	\$ 24,392	\$ 163,150
Accrued and other liabilities	9,577	10,553	-	20,130
<b>Total liabilities</b>	<u>148,143</u>	<u>10,745</u>	<u>24,392</u>	<u>183,280</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	89,092	-	4,430	93,522
<b>Fund balances</b>				
Nonspendable	100,000	-	-	100,000
Unassigned	2,521,733	116,346	443,961	3,082,040
<b>Total fund balances</b>	<u>2,621,733</u>	<u>116,346</u>	<u>443,961</u>	<u>3,182,040</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 2,858,968</u></u>	<u><u>\$ 127,091</u></u>	<u><u>\$ 472,783</u></u>	<u><u>\$ 3,458,842</u></u>

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Component Units  
Component Units  
June 30, 2025

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Fund balances for component units</b>	\$ 2,621,733	\$ 116,346	\$ 443,961	\$ 3,182,040
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	1,089,326	-	-	1,089,326
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	89,092	-	4,430	93,522
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	(1,745)	-	-	(1,745)
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	(74,947)	(58,520)	-	(133,467)
Deferred outflows related to the net pension liability	5,313	4,149	-	9,462
Deferred inflows related to the net pension liability	(3,809)	(2,974)	-	(6,783)
Net other postemployment benefit asset	195,262	149,535	-	344,797
Deferred inflows related to the net other postemployment benefit asset	(13,758)	(10,536)	-	(24,294)
<b>Net position for component units</b>	<b>\$ 3,906,467</b>	<b>\$ 198,000</b>	<b>\$ 448,391</b>	<b>\$ 4,552,858</b>

## CITY OF ROYAL OAK, MICHIGAN

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

Component Units

For the Year Ended June 30, 2025

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Revenues</b>				
Taxes	\$ 6,563,241	\$ 50,523	\$ 574,793	\$ 7,188,557
Interest and rentals	161,074	5,676	30,344	197,094
Contributions and donations	<u>306,821</u>	<u>-</u>	<u>-</u>	<u>306,821</u>
<b>Total revenues</b>	<b>7,031,136</b>	<b>56,199</b>	<b>605,137</b>	<b>7,692,472</b>
<b>Expenditures</b>				
Current -				
Community and economic development	<u>6,102,009</u>	<u>62,553</u>	<u>577,691</u>	<u>6,742,253</u>
<b>Change in fund balances</b>	<b>929,127</b>	<b>(6,354)</b>	<b>27,446</b>	<b>950,219</b>
Fund balances, beginning of year	<u>1,692,606</u>	<u>122,700</u>	<u>416,515</u>	<u>2,231,821</u>
<b>Fund balances, end of year</b>	<b>\$ 2,621,733</b>	<b>\$ 116,346</b>	<b>\$ 443,961</b>	<b>\$ 3,182,040</b>

## CITY OF ROYAL OAK, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Component Units  
Component Units  
For the Year Ended June 30, 2025

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>Net change in fund balances - component units</b>	\$ 929,127	\$ (6,354)	\$ 27,446	\$ 950,219
Amounts reported for <i>component units</i> in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.				
Depreciation expense	(55,692)	-	-	(55,692)
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.	68,639	-	(596)	68,043
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	4,350	9,747	-	14,097
Change in the net pension liability and related deferred amounts	(15,265)	(11,918)	-	(27,183)
Change in the net other postemployment benefit asset and related deferred amounts	(4,545)	(3,130)	-	(7,675)
<b>Change in net position of component units</b>	<b>\$ 926,614</b>	<b>\$ (11,655)</b>	<b>\$ 26,850</b>	<b>\$ 941,809</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 6,364,000	\$ 6,604,000	\$ 6,563,241	\$ (40,759)
Interest and rentals	208,040	208,040	161,074	(46,966)
Contributions and donations	60,000	356,320	306,821	(49,499)
<b>Total revenues</b>	<b>6,632,040</b>	<b>7,168,360</b>	<b>7,031,136</b>	<b>(137,224)</b>
<b>Expenditures</b>				
Community and economic development	7,546,795	7,168,360	6,102,009	(1,066,351)
<b>Net change in fund balance</b>	<b>(914,755)</b>	<b>-</b>	<b>929,127</b>	<b>929,127</b>
Fund balance, beginning of year	1,692,606	1,692,606	1,692,606	-
<b>Fund balance, end of year</b>	<b>\$ 777,851</b>	<b>\$ 1,692,606</b>	<b>\$ 2,621,733</b>	<b>\$ 929,127</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 53,100	\$ 53,100	\$ 50,523	\$ (2,577)
Interest and rentals	<u>1,888</u>	<u>5,788</u>	<u>5,676</u>	<u>(112)</u>
<b>Total revenues</b>	<b>54,988</b>	<b>58,888</b>	<b>56,199</b>	<b>(2,689)</b>
<b>Expenditures</b>				
Community and economic development	<u>54,988</u>	<u>60,988</u>	<u>62,553</u>	<u>1,565</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>(2,100)</b>	<b>(6,354)</b>	<b>(4,254)</b>
Fund balance, beginning of year	<u>122,700</u>	<u>122,700</u>	<u>122,700</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 122,700</b>	<b>\$ 120,600</b>	<b>\$ 116,346</b>	<b>\$ (4,254)</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 476,000	\$ 554,500	\$ 574,793	\$ 20,293
Interest and rentals	<u>32,350</u>	<u>32,350</u>	<u>30,344</u>	<u>(2,006)</u>
<b>Total revenues</b>	<b>508,350</b>	<b>586,850</b>	<b>605,137</b>	<b>18,287</b>
<b>Expenditures</b>				
Community and economic development	<u>508,350</u>	<u>586,850</u>	<u>577,691</u>	<u>(9,159)</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>27,446</b>	<b>27,446</b>
Fund balance, beginning of year	<u>416,515</u>	<u>416,515</u>	<u>416,515</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 416,515</b>	<b>\$ 416,515</b>	<b>\$ 443,961</b>	<b>\$ 27,446</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>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	154
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	164
<b>Debt Capacity</b> These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	170
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	180
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	183

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

## CITY OF ROYAL OAK, MICHIGAN

### Financial Trends

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 147,194,839	\$ 162,548,501	\$ 164,150,728	\$ 172,140,496
Restricted	22,766,807	22,841,819	42,728,743	43,889,577
Unrestricted (deficit)	(53,192,731)	(123,384,259)	(134,860,007)	(140,275,546)
<b>Total governmental activities net position</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	85,228,498	86,510,191	95,264,335	99,639,992
Restricted	-	-	858,762	-
Unrestricted	12,647,786	13,468,325	8,206,149	7,334,227
<b>Total business-type activities net position</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	232,423,337	249,058,692	259,415,063	271,780,488
Restricted	22,766,807	22,841,819	43,587,505	43,889,577
Unrestricted (deficit)	(40,544,945)	(109,915,934)	(126,653,858)	(132,941,319)
<b>Total primary government net position</b>	<b>\$ 214,645,199</b>	<b>\$ 161,984,577</b>	<b>\$ 176,348,710</b>	<b>\$ 182,728,746</b>

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

Schedule 1  
UNAUDITED

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$ 183,352,675	\$ 201,877,607	\$ 217,042,279	\$ 227,298,315	\$ 245,244,364	\$ 257,090,896
45,330,003	38,406,593	35,238,663	37,680,638	74,560,594	87,614,356
(157,217,394)	(153,609,925)	(157,272,351)	(146,392,343)	(142,366,942)	(147,951,201)
<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>	<u>196,754,051</u>
 104,316,911	 109,245,957	 112,941,252	 118,441,719	 124,525,508	 128,434,430
-	-	-	-	3,592,204	4,466,281
3,795,149	1,360,873	603,473	(950,505)	7,131,030	12,632,226
<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>	<u>145,532,937</u>
 287,669,586	 311,123,564	 329,983,531	 345,740,034	 369,769,872	 385,525,326
45,330,003	38,406,593	35,238,663	37,680,638	78,152,798	92,080,637
(153,422,245)	(152,249,052)	(156,668,878)	(147,342,848)	(135,235,912)	(135,318,975)
<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>	<u>\$ 342,286,988</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,			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental activities:				
General government	\$ 10,233,170	\$ 10,372,611	\$ 14,363,323	\$ 11,074,646
Public safety	33,545,346	34,856,261	29,394,734	40,636,081
Public works	11,803,571	12,216,069	15,108,477	14,389,451
Health and welfare	741,945	644,426	727,841	764,584
Community and economic development	1,442,994	2,371,971	1,263,096	2,789,079
Recreation and culture	4,056,345	3,953,833	4,006,934	5,204,465
Interest on long-term debt	385,521	1,994,475	4,836,981	5,497,483
Total governmental activities expenses	<u>62,208,892</u>	<u>62,208,892</u>	<u>69,701,386</u>	<u>80,355,789</u>
Business-type activities:				
Water and sewer	24,989,668	25,141,329	28,174,579	27,746,374
Parking	3,130,520	2,223,353	3,269,367	4,466,562
Recreation	2,146,622	1,927,746	2,764,962	2,258,175
Farmers market	516,110	531,140	574,689	581,748
Total business-type activities expenses	<u>30,782,920</u>	<u>30,782,920</u>	<u>34,783,597</u>	<u>35,052,859</u>
Total primary government expenses	<u>92,991,812</u>	<u>92,991,812</u>	<u>104,484,983</u>	<u>115,408,648</u>
<b>Program Revenues</b>				
Governmental activities:				
General government	7,009,130	7,179,495	7,399,361	7,604,110
Public safety	5,474,015	3,875,975	5,139,458	4,746,692
Public works	2,395,568	1,733,456	1,074,690	1,063,932
Health and welfare	1,108,659	1,059,388	1,145,601	1,067,356
Community and economic development	478,678	396,907	326,964	471,646
Recreation and culture	2,122,582	2,236,406	2,041,403	1,988,743
Charges for services	18,588,632	16,481,627	17,127,477	16,942,479
Operating grants and contributions	5,531,956	5,128,426	4,997,631	6,650,018
Capital grants and contributions	148,372	1,917,700	1,460,071	1,372,826
Total governmental activities program revenues	<u>24,268,960</u>	<u>23,527,753</u>	<u>23,585,179</u>	<u>24,965,323</u>
Business-type activities:				
Water and sewer	30,672,689	31,716,708	31,237,079	26,718,253
Parking	3,921,394	3,926,728	4,007,092	4,679,363
Recreation	2,373,123	2,558,056	2,345,541	2,264,394
Farmers market	482,662	488,660	573,426	479,400
Charges for services	37,449,868	38,690,152	38,163,138	34,141,410
Operating grants and contributions	440,016	354,180	968,812	1,022,784
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>37,889,884</u>	<u>39,044,332</u>	<u>39,131,950</u>	<u>35,164,194</u>
Total primary government program revenues	<u>62,158,844</u>	<u>62,572,085</u>	<u>62,717,129</u>	<u>60,129,517</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(37,939,932)	(42,881,893)	(46,116,207)	(55,390,466)
Business-type activities	7,106,964	9,220,764	4,348,353	111,335
Total primary government net expense	<u>(30,832,968)</u>	<u>(33,661,129)</u>	<u>(41,767,854)</u>	<u>(55,279,131)</u>

Schedule 2  
UNAUDITED

Fiscal Year Ended June 30,						
2020	2021	2022	2023	2024	2025	
\$ 11,382,087	\$ 9,635,182	\$ 11,582,239	\$ 14,444,592	\$ 7,833,214	\$ 14,164,982	
45,580,867	26,476,884	38,697,761	40,471,312	13,428,958	35,966,451	
15,575,908	24,982,054	17,387,047	17,521,710	15,229,444	17,941,679	
962,860	865,423	939,960	858,276	78,868	1,044,208	
2,507,284	2,045,845	2,589,823	1,801,089	(855,731)	1,990,057	
4,780,355	1,956,003	3,979,382	8,062,882	5,585,268	7,920,584	
5,340,663	5,169,439	4,976,602	4,794,365	4,571,998	4,406,965	
<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>	<u>83,434,926</u>	
 27,084,061	 26,979,449	 27,514,146	 29,119,646	 26,387,033	 29,615,711	
5,298,493	5,077,742	4,259,864	4,913,142	5,137,775	4,978,974	
2,066,368	2,182,520	2,156,647	2,350,686	2,332,519	2,845,361	
556,567	492,500	573,094	595,863	572,475	644,539	
<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>38,084,585</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>	<u>121,519,511</u>	
 6,128,105	 5,269,272	 5,652,253	 5,915,438	 6,173,656	 6,330,506	
3,735,171	3,519,016	3,769,189	6,370,685	4,900,239	5,433,456	
1,037,646	813,470	847,396	730,954	686,000	864,009	
1,092,802	1,045,438	1,314,847	1,473,698	1,633,133	1,756,502	
456,433	540,833	282,998	306,356	319,768	243,716	
<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>	<u>1,634,166</u>	
 14,232,681	 12,708,624	 13,567,137	 16,424,813	 15,347,212	 16,262,355	
5,739,450	8,264,003	7,106,348	21,102,296	16,703,116	5,436,084	
306,117	1,655,703	1,414,307	1,658,039	1,235,991	872,862	
<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>	<u>22,571,301</u>	
 26,770,023	 28,948,071	 28,030,479	 30,720,370	 32,829,485	 34,831,857	
3,890,923	2,428,675	3,511,672	3,711,101	4,249,895	3,988,239	
1,645,926	1,059,257	2,266,658	2,218,567	2,476,743	2,570,914	
324,484	289,620	536,634	560,247	610,689	602,705	
<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>	<u>41,993,715</u>	
790,924	1,507,746	714,812	1,688,537	2,559,103	1,558,623	
-	75,953	-	319,237	32,602	-	
<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>43,552,338</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>	<u>66,123,639</u>	
 (65,851,776)	 (48,502,500)	 (58,065,022)	 (48,769,078)	 (12,585,700)	 (60,863,625)	
(1,583,209)	(422,889)	556,504	2,238,722	8,328,715	5,467,753	
<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>	<u>(55,395,872)</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,			
	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 40,810,616	\$ 43,475,312	\$ 44,105,070	\$ 44,701,037
Unrestricted state shared revenues	9,411,377	10,037,969	11,156,084	12,873,364
Unrestricted investment earnings (loss)	119,498	245,423	737,720	808,200
Gain on sale of capital assets	57,705	97,786	65,928	53,639
Miscellaneous	337,022	682,341	67,185	373,621
Transfers	1,001,553	(1,155,651)	(2,377)	315,668
<b>Total governmental activities</b>	<b>51,737,771</b>	<b>53,383,180</b>	<b>56,129,610</b>	<b>59,125,529</b>
Business-type activities:				
Property taxes	-	-	-	2,849,306
State shared revenues	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers	(1,001,553)	1,155,651	2,377	(315,668)
<b>Total business-type activities</b>	<b>(1,001,553)</b>	<b>1,155,651</b>	<b>2,377</b>	<b>2,533,638</b>
<b>Total primary government</b>	<b>50,736,218</b>	<b>54,538,831</b>	<b>56,131,987</b>	<b>61,659,167</b>
<b>Change in Net Position</b>				
Governmental activities	13,797,839	10,501,287	10,013,403	3,735,063
Business-type activities	6,105,411	10,376,415	4,350,730	2,644,973
<b>Total primary government</b>	<b>\$ 19,903,250</b>	<b>\$ 20,877,702</b>	<b>\$ 14,364,133</b>	<b>\$ 6,380,036</b>

Schedule 2  
UNAUDITED

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$ 46,697,585	\$ 48,844,891	\$ 50,566,421	\$ 54,771,019	\$ 59,732,005	\$ 64,498,941
13,379,442	14,693,549	15,598,185	16,391,190	16,627,823	17,515,937
819,107	51,940	(232,808)	681,355	2,219,369	2,388,458
75,848	162,193	107,541	45,228	10,102	199,661
348,684	67,030	304,169	198,019	199,339	190,622
241,867	(108,112)	55,830	260,286	(7,351,532)	(4,613,959)
<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>	<u>80,179,660</u>
2,889,836	2,809,547	2,437,221	1,968,053	2,077,281	202,483
73,081	-	-	-	-	-
-	-	-	-	-	-
(241,867)	108,112	(55,830)	(260,286)	7,351,532	4,613,959
<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>4,816,442</u>
<u>64,283,583</u>	<u>66,629,150</u>	<u>68,780,729</u>	<u>74,054,864</u>	<u>80,865,919</u>	<u>84,996,102</u>
(4,289,243)	15,208,991	8,334,316	23,578,019	58,851,406	19,316,035
1,137,841	2,494,770	2,937,895	3,946,489	17,757,528	10,284,195
<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>	<u>\$ 29,600,230</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,			
	2016	2017	2018	2019
General fund				
Nonspendable	\$ 11,007	\$ 2,942	\$ -	\$ 14,553
Restricted	695,389	823,324	942,818	1,055,028
Assigned	3,092,000	593,000	616,000	538,373
Unassigned	14,481,359	21,321,516	19,445,520	16,526,632
Total general fund	<u>18,279,755</u>	<u>22,740,782</u>	<u>21,004,338</u>	<u>18,134,586</u>
All other governmental funds				
Nonspendable	190,679	207,663	145,721	146,398
Restricted	21,943,777	21,902,318	68,519,731	69,576,434
Committed	-	-	-	-
Assigned	2,046,139	898,444	1,246,580	1,572,982
Total all other governmental funds	<u>24,180,595</u>	<u>23,008,425</u>	<u>69,912,032</u>	<u>71,295,814</u>
Total governmental funds	<u>\$ 42,460,350</u>	<u>\$ 45,749,207</u>	<u>\$ 90,916,370</u>	<u>\$ 89,430,400</u>

**Schedule 3**  
**UNAUDITED**

<b>Fiscal Year Ended June 30,</b>						
<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
\$ 10,942	\$ 11,998	\$ 168,052	\$ 137,540	\$ 93,395	\$ 85,809	
1,158,516	992,918	882,191	965,731	1,058,392	1,121,782	
441,572	553,201	643,939	1,049,856	525,561	654,665	
<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>11,962,717</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>	<u>13,824,973</u>	
182,813	171,370	221,669	295,090	283,994	273,070	
49,063,314	36,431,851	30,829,825	32,239,233	42,594,081	31,963,913	
-	-	2,195,096	1,428,953	-	10,483,927	
<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>2,438,997</u>	
<u>50,857,636</u>	<u>39,106,487</u>	<u>35,206,686</u>	<u>46,683,673</u>	<u>45,464,114</u>	<u>45,159,907</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>	<u>\$ 58,984,880</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,			
	2016	2017	2018	2019
<b>Revenues</b>				
Taxes	\$ 40,812,298	\$ 42,842,346	\$ 44,116,492	\$ 45,410,295
Licenses and permits	6,629,135	5,266,746	6,468,067	5,931,078
Federal grants	1,677,378	874,059	622,073	1,871,525
State grants	10,362,532	10,565,275	12,060,928	14,094,799
Charges for services	6,513,571	5,573,732	5,194,808	5,393,336
Fines and forfeitures	5,399,533	5,521,496	5,565,482	5,541,735
Interest and rentals	571,454	853,631	1,454,753	2,782,918
Contributions and donations	2,217,097	2,886,747	2,154,924	2,789,395
Other revenue	876,644	3,028,574	2,110,299	589,827
<b>Total revenues</b>	<u>75,059,642</u>	<u>77,412,606</u>	<u>79,747,826</u>	<u>84,404,908</u>
<b>Expenditures</b>				
General government	10,259,300	10,725,709	14,458,355	9,153,431
Public safety	31,858,670	36,112,017	26,760,217	28,661,241
Public works	24,544,700	26,548,191	20,919,825	28,201,992
Health and welfare	735,301	675,256	725,657	726,938
Community and economic development	1,396,557	2,393,734	1,231,554	2,351,165
Recreation and culture	4,042,879	4,145,786	3,789,977	4,662,412
Debt service:				
Principal payments	1,423,000	1,480,876	5,770,485	7,130,551
Interest and paying agent fees	399,159	231,120	4,476,624	5,318,816
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<u>74,659,566</u>	<u>82,312,689</u>	<u>78,132,694</u>	<u>86,206,546</u>
Revenue over (under) expenditures	<u>400,076</u>	<u>(4,900,083)</u>	<u>1,615,132</u>	<u>(1,801,638)</u>
<b>Other financing sources (uses)</b>				
Issuance of long-term liabilities	3,258,578	-	40,965,000	-
Premium on issuance of long-term debt	153,451	-	3,018,257	-
Payment to refunded bond escrow agent	(3,353,620)	-	-	-
Transfers in	31,612,692	40,259,720	27,383,727	30,891,461
Transfers out	(30,668,047)	(32,070,780)	(27,386,104)	(30,575,793)
Proceeds from sale of assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,003,054</u>	<u>8,188,940</u>	<u>43,980,880</u>	<u>315,668</u>
<b>Net change in fund balances</b>	<u>\$ 1,403,130</u>	<u>\$ 3,288,857</u>	<u>\$ 45,596,012</u>	<u>\$ (1,485,970)</u>
Debt service as a percentage of noncapital expenditures	3.03%	2.57%	2.57%	18.10%

Schedule 4  
UNAUDITED

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$ 46,963,539	\$ 48,943,009	\$ 50,417,700	\$ 54,666,457	\$ 59,678,190	\$ 64,302,167
5,307,655	4,872,742	4,408,231	5,337,127	4,298,258	4,641,843
1,265,205	5,252,341	2,591,531	17,197,901	11,980,832	1,553,422
13,995,554	15,113,013	15,941,851	16,729,688	16,996,737	17,919,887
4,604,932	4,574,298	4,868,160	5,236,958	5,623,299	5,765,199
4,292,710	3,126,835	3,619,982	5,575,842	5,132,640	5,609,929
2,283,567	509,679	287,411	2,844,629	4,738,414	4,466,493
2,672,482	3,315,920	5,062,427	3,193,792	3,321,824	2,450,557
558,566	277,695	654,312	394,424	298,401	370,189
<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>	<u>107,079,686</u>
10,135,722	9,962,483	11,703,133	13,946,110	13,830,090	14,689,640
31,039,097	30,780,622	33,430,481	34,138,171	36,166,697	40,335,385
44,386,260	35,049,488	24,184,707	27,078,872	35,433,610	26,670,555
948,261	914,455	986,241	885,031	985,290	1,193,540
2,093,136	1,955,139	2,796,118	1,610,198	1,859,284	2,338,080
4,627,144	5,000,825	12,020,804	7,371,566	7,466,598	8,097,773
6,878,317	7,024,212	7,233,367	6,999,674	6,916,898	5,507,709
5,378,012	5,213,361	5,028,390	4,843,320	4,627,932	4,453,465
<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>	<u>103,286,147</u>
(23,541,739)	(9,915,053)	(9,531,636)	14,303,876	4,782,196	3,793,539
-	-	-	208,644	-	1,807,118
-	-	-	-	-	-
-	-	-	-	-	-
26,612,342	21,599,699	26,203,391	26,545,320	54,454,235	34,829,326
(26,406,475)	(22,145,356)	(26,322,561)	(26,451,334)	(61,827,767)	(39,443,285)
<u>205,867</u>	<u>(545,657)</u>	<u>(119,170)</u>	<u>302,630</u>	<u>(7,373,532)</u>	<u>(2,806,841)</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>	<u>\$ 986,698</u>

16.77% 17.14% 15.40% 14.21% 13.49% 11.24%

## 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
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	-
2024	2025	2,987,835,530	673,227,680	52,588,230	181,900,520	-

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**

<b>Total Taxable Value</b>	<b>Direct Tax Rate (mills)</b>	<b>Total SEV</b>	<b>Taxable Value as a % of SEV</b>
\$ 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%
3,895,551,960	17.2414	4,779,249,510	81.5%

## 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							
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
2024	2025	6.7900	0.0128	1.8511	0.5000	0.9968	3.6497	2.4920	n/a	0.0520	0.1993	0.6977

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							
2024	2025	6.7900	0.0128	1.8511	0.5000	0.9968	n/a	0.0520	0.1993	0.6977		

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 97.45% of the taxable value of the city. Berkley and Clawson school districts serve the remaining area.

(4) A homeowner's Principal Residence Exemption (P.R.E.) grants up to 18 mills of school tax relief to qualified homeowners (Public Act 15 of 2003, MCL 211.7cc as amended). It is administered by the local assessor and affects the local tax bill. An independent state homestead property tax credit (MCL 206.508 et seq.) to qualified homeowners and renters is administered directly by the Michigan Department of Treasury as additional property tax relief.

(5) The DDA tax rate applies only to parcels within the approved Downtown District. It is in addition to all other applicable property tax rates.

Source: City Assessor's records.

Schedule 6  
UNAUDITED

Total Direct Taxes	Overlapping Taxes					Total Tax Rate	Overlapping Taxes Royal Oak Schools		Total (4)		Downtown Development Authority (DDA) (5)
	County Taxes (2)	Inter- mediate School District	Oakland Community College	State Education Tax (SET)	Before School Taxes		School P.R.E. (3)	School Non- P.R.E. (3)	Tax Rate for P.R.E.	Tax Rate for Non- P.R.E.	
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	
17.2414	6.0443	3.1541	1.4836	6.0000	33.9234	4.3045	21.1973	38.2279	55.1207	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					
	2016			2025		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Consumers Energy Company	\$ 13,594,680	3	0.57%	\$ 76,023,000	1	1.95%
DTE Electric Company	20,688,360	1	0.87%	40,503,970	2	1.04%
William Beaumont Hospital	13,117,480	4	0.55%	37,842,420	3	0.97%
The Griffin Singh, LLC				31,669,040	4	0.81%
Central Park Development Group, LLC				25,466,150	5	0.65%
Trailhead RO, LLC				20,841,810	6	0.54%
Midtown Pointe, LLC				15,197,780	7	0.39%
The Main of Royal Oak LLC				12,439,630	8	0.32%
The Hazelton LLC				8,189,870	9	0.21%
Meijer				7,960,780	10	0.20%
HHI Formtech LLC	14,451,810	2	0.61%			
Sears Holding	6,505,040	5	0.27%			
MacLean-Fogg	6,299,490	6	0.27%			
H2 Royal Oak LLC	6,119,270	7	0.26%			
Washington Square Plaza LLC	4,973,880	8	0.21%			
National Retail Properties LP	4,781,590	9	0.20%			
Flex-N-Gate	4,583,490	10	0.19%			
Total taxable value of ten largest taxpayers	95,115,090		4.00%	276,134,450		7.08%
Total taxable value of all other taxpayers	2,271,084,290		96.00%	3,619,417,510		92.92%
Total taxable value of all taxpayers	<u>\$ 2,366,199,380</u>		<u>100.00%</u>	<u>\$ 3,895,551,960</u>		<u>100.00%</u>

Source: City Assessor

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 8  
 UNAUDITED

**Revenue Capacity Information**

 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
			Amount (1)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy	
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%	
2024	2025	71,131,625	71,040,093	99.87%	1,504	71,041,597	99.87%	

(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,			
	2016	2017	2018	2019
Governmental Activities				
General obligation bonds	\$ 10,960,611	\$ 122,979,133	\$ 158,311,355	\$ 150,496,176
Lease liability	-	-	-	-
Subscription liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<hr/>	<hr/>	<hr/>	<hr/>
	10,960,611	122,979,133	158,311,355	150,496,176
Business-type Activities				
General obligation bonds	15,658,150	27,525,472	28,057,005	26,262,269
Revenue bonds, loans, and contractual obligations	21,655,862	32,233,267	44,891,919	41,273,933
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<hr/>	<hr/>	<hr/>	<hr/>
	37,314,012	59,758,739	72,948,924	67,536,202
Total debt of the City	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 48,274,623	\$ 182,737,872	\$ 231,260,279	\$ 218,032,378
Total personal income	\$ 3,508,809,444	\$ 3,744,166,724	\$ 2,413,247,400	\$ 2,434,392,801
Ratio of total debt to personal income	1.38%	4.88%	9.58%	8.96%
Total population	58,716	59,006	59,112	59,461
Total debt per capita	\$822	\$3,097	\$3,912	\$3,667

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>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 142,919,667	\$ 135,396,758	\$ 127,680,471	\$ 120,410,107	\$ 113,221,218	\$ 107,572,639
-	-	-	60,720	31,773	19,135
-	-	709,430	1,079,965	761,231	2,171,855
<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>	<b><u>109,763,629</u></b>
24,433,635	22,366,828	20,462,696	18,505,157	16,494,143	14,430,716
<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>18,849,382</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>33,280,098</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>	<b><u>\$ 143,043,727</u></b>
\$ 2,867,643,429	\$ 2,990,945,765	\$ 3,002,174,114	\$ 3,180,238,848	\$ 3,469,247,280	\$ 3,648,755,200
7.12%	6.35%	5.90%	5.18%	4.37%	3.92%
59,277	59,195	58,211	58,368	58,053	57,880
\$3,443	\$3,210	\$3,043	\$2,822	\$2,609	\$2,471

## CITY OF ROYAL OAK, MICHIGAN

### ■ Debt Capacity Information

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities	
	Limited Tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Limited Tax General Obligation Bonds (LTGO)	Net General Bonded Debt
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
2025	107,572,639	-	-	14,430,716	122,003,355

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

**Schedule 10**  
**UNAUDITED**

<b>Taxable Value</b>	<b>Governmental Debt as a Percentage of Taxable Value</b>	<b>Population</b>	<b>Governmental Debt per Capita</b>
\$ 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
3,895,551,960	3.13%	57,880	2,108



**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 11  
 UNAUDITED

**Debt Capacity Information**

 Direct and Overlapping Governmental Activities Debt  
 June 30, 2025

Government Unit	Gross	Self-Supporting	Net	Net Debt	
				Per Capita	% of Taxable Value
Direct Debt - City of Royal Oak	\$ 109,763,629	\$ -	\$ 109,763,629	\$ 1,896	2.82%
<b>Overlapping Debt:</b>					
Royal Oak School District	\$ 20,950,000	97.45%	\$ 20,415,775		
Berkley School District	128,185,000	1.74%	2,230,419		
Clawson School District	79,018,317	0.95%	750,674		
Oakland County at large	123,902,591	4.83%	5,984,495		
Oakland Intermediate School District	36,680,000	4.85%	1,778,980		
Oakland County Community College	-	4.87%	-		
<b>Total Overlapping Debt</b>	<b>388,735,908</b>		<b>31,160,343</b>	<b>538</b>	<b>0.80%</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 498,499,537</b>		<b>\$ 140,923,972</b>	<b>\$ 2,435</b>	<b>3.62%</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.

# CITY OF ROYAL OAK, MICHIGAN

Schedule 12  
UNAUDITED

## 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
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%
2025	477,924,951	122,003,355	355,921,596	25.53%

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 2024.

	10% SEV	5% SEV*
FY 2024 State Equalized Value (SEV)	\$ 4,779,249,510	\$ 4,779,249,510
Legal debt limit (% of SEV)	<u>477,924,951</u>	<u>238,962,476</u>
Debt outstanding	143,043,727	143,043,727
Less: exempt obligations	<u>(21,040,372)</u>	<u>(109,676,650)</u>
Debt subject to SEV limitation	<u>122,003,355</u>	<u>33,367,077</u>
Legal Debt Margin	<u>\$ 355,921,596</u>	<u>\$ 205,595,399</u>
Applicable debt outstanding as a percentage of SEV	2.55%	0.70%

\* 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 Nine 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%	
2025	3,988,239	2,964,320	1,023,919	1,890,000	687,270	2,577,270	40%	

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)
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
2025	31,227	57,880	63,040	3,648,755	36.9	4,917

Source:

- (1) U.S. Census Bureau, 2023 American Community Survey 5-year estimates
- (2) U.S. Census Bureau, 2023 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 (2024-25).
- (4) Michigan Bureau of Labor Market Information and Strategic Initiatives  
June 2025 estimates (not seasonally adjusted)

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Royal Oak (4)		Michigan (4)	
Labor Force	Unemployment Rate	Labor Force (000)	Unemployment Rate
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%
37,426	2.4%	5,088	5.4%

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 15  
 UNAUDITED

**Demographic and Economic Information**

Principal Employers

Current Year and Nine Years Ago

Company Name	Product/Service	2016			2025		
		Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Corewell Health**	Hospital	10,514	1	27.57%	9,725	1	25.98%
Royal Oak Public Schools	Education	500	2	1.31%	633	2	1.69%
City of Royal Oak	Municipality	486	3	1.27%	490	3	1.31%
Detroit Zoo	Zoo	220	9	0.58%	484 *	4	1.29%
Dassault Systèmes					482	5	1.29%
Henry Ford Health System	Medical Center				400	6	1.07%
Consumers Energy	Utility	357	5	0.94%	321 *	7	0.86%
Holiday Market	Retailer/grocery store	300	8	0.79%	279	8	0.75%
RPM Logistics					258 *	9	0.69%
Oakland Community College	Education	318	6	0.83%	258	10	0.69%
Flex-n-Gate	Automotive supplier	369	4	0.97%			
Meijer	Retailer/grocery store	316	7	0.83%			
Hollywood Market	Retailer/grocery store	100	10	0.26%			
Total		<u>13,480</u>		<u>35.34%</u>	<u>13,330</u>		<u>35.62%</u>

Note: \* Indicates fiscal year 2024 or prior employee count, as information for fiscal year 2025 was not available at the time.

\*\* formerly 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	29	29	29	29	29	29	28	29	29
Other police vehicles	24	24	26	26	26	26	26	27	26	26
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	8	8	8	8	8	8	8	8	8	8
Ambulance vehicles	4	4	4	4	4	4	4	4	5	5
Mobile command center	0	0	0	0	0	0	0	0	0	0
Other fire vehicles	10	10	10	10	10	10	11	11	11	11
Public Parking (*Beginning in 2022, new metered kiosks were installed that control multiple physical parking spaces.)										
Total spaces	3,815	3,465	3,740	3,889	4,339	4,339	4,404	4,226	4,232	4,232
Deck parking	1,532	1,532	1,983	2,564	2,564	2,564	2,569	2,569	2,569	2,569
Surface lots	1,473	1,195	974	522	816	816	876	787	828	828
Metered spaces	810	738	783	803	959	959	959	870	835	834
Meters*	2,203	1,352	1,352	1,268	1,775	1,390	236	240	144	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										
Tennis / Pickball courts	2	2	2	2	2	2	2	2	2	2
	31/2 pickleball	30/2 pickleball	30/2 pickleball	30/2 pickleball	30/2 pickleball					
Library										
Branches	1	1	1	1	1	1	1	1	1	1
Collection -number of items	179,393	162,945	154,781	152,589	145,819	144,962	141,641	134,605	130,993	124,088
Public computers	37	36	36	30	30	31	31	35	35	35
Roads and Sidewalks										
Miles of major streets	63.96	63.96	63.96	63.96	63.96	63.96	64.26	64.26	64.21	64.21
Miles of local streets	148.63	148.63	148.63	148.63	148.86	148.86	148.16	148.16	148.16	148.16
Number of traffic lights										
Utilities										
Water										
Miles of water main	219	219	219	219	219.05	219.48	220.35	220.66	220.66	220.66
Miles of sewer	361	362	363	363	362.89	362.91	362.96	362.97	362.97	362.97
Number of hydrants	2,138	2,159	2,167	2,194	2,198	2,198	2,207	2,218	2,218	2,218
Forestry										
Number of trees in rights-of-way	26,456	18,983	18,922	18,951	18,737	18,370	18,428	19,061	19,465	19,645

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		2016	2017	2018	2019
Election data	(calendar year)				
Registered voters		48,898	48,314	48,316	49,155
Elections held		3	1	2	1
Voters (at the polls or absentee)		35,350	12,419	32,898	13,290
Percent voting		72.3%	25.8%	68.1%	27.0%
Vital Records	(calendar year)				
Birth		6,703	6,903	6,878	7,154
Death		1,693	1,736	1,730	1,644
District Court	(calendar year)				
Number of new court cases		32,027	29,386	30,805	31,461
Number of criminal cases disposed		2,604	2,456	2,746	2,420
Number of civil cases disposed		3,254	4,540	4,835	3,300
Number of parking tickets disposed		92,658	80,281	71,024	62,415
Assessing					
Parcels	(tax / calendar year)	27,857	27,904	28,049	28,025
Documents processed (prior to 2008 PTAs only)		11,849	15,209	14,529	14,705
Building and Safety					
Permits issued		2,194	2,402	2,399	2,904
Estimated permit value (\$000)		\$167,991	\$121,953	\$214,660	\$155,516
Police	(calendar year)				
Calls for service		46,563	49,139	48,450	51,852
Group A offenses		2,309	1,962	1,628	1,438
Group B offenses		1,333	1,400	1,140	1,030
Traffic violations issued		16,003	15,827	14,523	15,688
Parking violations issued		75,627	67,537	56,869	69,175
Fire					
Fire runs		2,179	2,121	2,112	1,954
Emergency medical runs		3,976	3,883	4,104	4,158
Inspections		611	702	496	647
Human Resources					
Employment applications - full & part-time		688	2,374	1,205	2,047
Hires, position changes, retirements, terminations		176	322	107	203
Workers' comp. claims filed - medical & indemnity		44	50	25	41
Health insurance enrollees - Employees		245	321	263	263
Health insurance enrollees - Retirees		431	461	379	425

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2020	2021	2022	2023	2024	2025
52,017	50,970	52,077	51,735	52,689	*
3	1	2	1	3	*
39,658	15,030	33,758	15,982	39,601	*
76.2%	29.5%	64.8%	30.9%	75.2%	*
6,881	7,103	6,821	5,555	5,217	*
1,839	1,960	1,697	1,591	1,767	*
57,930	50,988	161,905	168,604	148,651	*
2,528	3,585	3,167	3,800	4,132	*
3,903	5,327	3,990	3,669	3,288	*
42,156	28,757	139,475	159,360	139,064	*
28,049	28,027	28,137	28,080	28,063	27,920
14,597	11,764	10,349	8,003	4,167	5,139
2,090	2,888	2,551	2,509	2,559	2,641
\$111,755	\$142,857	\$90,777	\$200,416	\$87,635	\$135,379
45,120	37,496	41,173	40,324	40,809	*
1,201	1,403	1,616	1,773	1,640	*
769	858	1,003	1,115	1,211	*
8,964	8,538	11,472	11,081	11,401	*
37,542	23,902	119,257	143,274	115,764	*
1,633	1,751	2,052	2,022	2,081	2,125
4,309	3,903	4,840	5,302	5,333	5,440
309	564	808	1,774	2,818	1,763
955	1,091	2,026	1,986	2,077	2,013
221	427	218	246	278	409
53	40	42	48	56	43
257	260	274	292	292	294
433	431	441	434	434	426

continued...

## CITY OF ROYAL OAK, MICHIGAN

### Operating Information

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

Function / Program	2016	2017	2018	2019
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	3,634	3,785	3,816	3,412
Cardholders - total registrations	33,140	24,317	24,262	23,885
Circulation - number of transactions	372,934	403,009	399,759	339,197
Number of visitors**	347,223	369,996	193,697	163,413
Number of computer uses	36,782	38,387	36,139	22,861
Number of programs/events offered	425	513	507	494
Number of program/event attendees	13,518	15,503	16,794	17,275
Parks and recreation				
Ice rental and other use (hours per calendar year)	8,193	8,300	8,296	11,000
Recreation program participants	16,222	16,300	16,290	16,300
Golf Course				
Rounds of Golf - Royal Oak	18,225	18,700	15,327	15,327
Senior Programs				
Senior activity sessions	3,888	3,742	3,859	3,655
Senior activity participants	72,007	73,472	73,362	73,060
Senior meals served on-site and delivered	10,839	10,563	10,498	8,704
Senior transportation trips	12,863	13,095	11,302	11,105
Senior AGE program - Service Hours	24,000	24,000	24,000	24,000
Senior ROSES program in-home support jobs	2,066	2,081	2,457	1,954
Miles of street resurfaced				
	5.61	6.50	5.10	7.00
Square feet of sidewalk - removed & replaced	500,991	330,551	161,514	86,126
Square feet of sidewalk - new	14,256	55,994	73,732	25,447
Curbside refuse collected (tons)				
Curbside compost collected (tons)	23,565	24,444	22,334	21,950
Curbside recyclables collected (tons)	10,551	7,089	9,991	12,352
Leaf collection (tons)	4,035	4,229	5,410	5,573
	*	2,397	5,547	7,881
Feet of watermain - replaced				
Feet of watermain - new (net of abandoned)	9,709	13,532	-	1,497
	1,174	4,883	2,933	20
Feet of sewer - replaced				
Feet of sewer - new	-	785	-	-
	-	5,703	3,055	-
Utilities - Water and Sewer				
Number of customers billed	23,646	24,335	24,435	24,670
Water units purchased (100 cubic feet)	253,900,000	247,413,200	245,776,500	238,277,000
Water units billed (100 cubic feet)	228,319,400	242,515,739	237,825,100	226,450,300
Wastewater units disposed (100 cubic feet)	228,296,800	239,653,661	237,423,300	226,365,600

Source: City Departments

Note: \* Information not available

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2020	2021	2022	2023	2024	2025
2,782	1,321	3,001	3,848	3,857	3,355
22,002	23,787	24,644	28,074	26,851	25,032
309,806	285,862	280,135	323,792	333,669	593,404
127,211	31,936	107,144	155,456	185,907	192,211
21,768	3,436	11,735	14,802	18,011	15,225
444	323	367	434	439	390
14,116	7,240	8,607	12,902	15,209	13,566
2,700	7,536	8,000	8,978	9,746	9,217
8,000	15,880	16,280	16,377	13,849	14,537
21,950	19,525	23,300	36,620	29,978	30,531
2,348	237	869	4,910	4,985	5,136
21,707	2,233	7,802	13,558	20,979	34,354
5,607	150	111	4,704	5,170	5,240
8,876	10,500	6,506	6,280	6,472	13,154
19,000	2,343	4,286	24,000	6,477	1,450
1,157	115	481	920	862	1,948
3.82	6.48	4.40	6.35	8.39	7.21
58,553	85,984	91,699	54,996	101,657	73,961
4,505	2,388	2,953	1,188	8,550	10,978
22,282	23,351	23,203	22,294	21,658	23,107
4,721	5,218	4,407	12,427	12,415	11,638
5,673	5,699	5,382	4,975	4,989	4,775
9,076	7,018	5,294	6,093	5,984	*
15,309	7,294	14,280	5,095	10,483	6,047
(1,053)	2,255	4,589	1,614	0	0
1,887	383	-	121	829	392
1,212	83	254	50	0	0
24,807	24,884	24,912	24,940	24,940	24,856
235,779,826	229,118,148	250,023,794	278,758,561	219,593,591	221,894,204
214,001,600	201,576,400	211,131,000	223,069,000	257,434,900	211,794,700
213,847,100	201,605,427	211,158,500	222,891,300	257,438,700	211,793,600

concluded.

**CITY OF ROYAL OAK, MICHIGAN**

 Schedule 18  
 UNAUDITED

**Operating Information**

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>44th District Court/Probation</b>	29	29	29	30	30	30	30	34	36	36
<b>Administrative Services</b>										
Manager	5	5	6	6	6	6	7	7	8	9
Attorney	4	4	4	4	4	4	4	4	4	4
City Clerk	5	5	5	5	5	6	6	6	7	7
Human Resources	3	3	4	4	4	4	4	4	4	4
State Construction Code	11	11	14	13	13	13	13	13	13	13
Ordinance Enforcement	5	5	5	5	5	5	5	5	5	5
Engineering	13	13	13	13	13	13	13	13	13	13
Community Development	4	4	4	4	4	4	4	4	4	4
Planning - Housing	1	1	1	1	1	1	1	1	1	-
Finance	7	7	7	7	7	8	8	8	8	8
Assessing	4	4	4	4	4	5	4	4	4	4
Treasurer / Water Billing	5	5	5	6	6	6	6	6	6	6
Information Technology	4	5	5	7	6	6	6	6	6	6
Subtotal	70	71	76	79	78	81	81	81	83	83
<b>Library</b>	8	8	8	9	9	9	13	15	17	17
<b>Public Safety</b>										
Police	98	98	98	98	98	98	98	98	99	99
Fire	56	56	56	56	56	56	57	64	64	64
Subtotal	154	154	154	154	154	154	155	162	163	163
<b>Recreation &amp; Public Services</b>										
Public Service										
Parks & Forestry	7	7	7	7	7	8	10	10	10	10
Building Maintenance	2	2	2	2	2	2	3	3	3	3
Highway	2	2	3	3	3	3	2.5	2.5	3	3
Motor Pool	9	9	9	9	9	9	9	9	9	9
Electrical	1	1	1	1	1	1	1	1	1	1
Solid Waste	14	14	15	15	15	15	15	15	15.5	15.5
Water Maintenance	8	8	8	8	8	8	7.5	7.5	7.5	7.5
Water Services	4	4	4	4	4	4	4	4	4	4
Sewer Maintenance	7	7	9	9	9	9	10	10	10	10
Animal Shelter	-	-	-	-	-	-	-	1	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	2	2	2	2	2
Subtotal	59	59	63	63	63	65	69	70	71	71
Total	320	321	330	335	334	339	348*	362**	370	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)

\*\*\* Deviates from the FY25 original budget due to 1 position approved by commission after publication of the budget document. (City Manager +1)

Source: City Finance Department

City of  
Royal Oak,  
Michigan



Year Ended  
June 30, 2025

Single Audit Act  
Compliance

**Rehmann**

# CITY OF ROYAL OAK, MICHIGAN

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INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE

December 10, 2025

Honorable Mayor and City Commission  
City of Royal Oak, Michigan

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 3, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Lohman LLC*



## CITY OF ROYAL OAK, MICHIGAN

### Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>					
CDBG - Entitlement Grants Cluster - Community Development Block Grants/ Entitlement Grants	14.218	Direct	B-24-MC-26-0011	\$ 55,000	\$ 1,389,802
<b>U.S. Department of Justice</b>					
Bulletproof Vest Partnership Grant	16.607	Direct	N/A	-	7,370
Equitable Sharing Program	16.922	Direct	N/A	-	72,061
<b>Total U.S. Department of Justice</b>				-	79,431
<b>U.S. Department of Transportation</b>					
Highway Safety Cluster - Safe Communities - Strategic Traffic Enforcement	20.600	MSP	N/A	-	14,018
<b>Office of National Drug Control Policy</b>					
High Intensity Drug Trafficking Areas	95.001	MSP	N/A	-	6,000
<b>Total Expenditures of Federal Awards</b>				\$ 55,000	\$ 1,489,251

See notes to schedule of expenditures of federal awards.

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Royal Oak, Michigan (the "City") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

### 2. DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the City has not elected to use the de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

### 3. OTHER FEDERAL REVENUE

The City expended federal funds that were administered by the Federal Bureau of Investigations ("FBI") and the Secret Service, and therefore were excluded from the City's Schedule. The Secret Service pass-through funds were for the Southeastern Michigan Financial Crimes Task Force project in the amount of \$23,060. The FBI pass-through funds were for the FBI Special Detail project in the amount of \$11,846.

### 4. RECONCILIATION TO BASIC FINANCIAL STATEMENTS

A reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit act compliance schedule of expenditures of federal awards is as follows:

Federal revenues as reported in the financial statements	\$ 1,553,422
Other federal revenue administered by federal agencies (note 3)	(34,906)
Beneficiary payments received from Oakland County	(92,889)
Equitable sharing revenue deferred as unearned	<u>63,624</u>
Expenditures per schedule of expenditures of federal awards	<u>\$ 1,489,251</u>

# CITY OF ROYAL OAK, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 5. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Abbreviation	Pass-through Agency Name
MSP	Michigan State Police
■ ■ ■ ■ ■	

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 3, 2025

Honorable Mayor and City Commission  
City of Royal Oak, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Loham LLC". The signature is fluid and cursive, with "Rehmann" on the top line and "Loham LLC" on the bottom line.

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 10, 2025

Honorable Mayor and City Commission  
City of Royal Oak, Michigan

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited the compliance of the **City of Royal Oak, Michigan** (the "City") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2025. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Independent Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Loham LLC". The signature is fluid and cursive, with "Lehmann" and "Loham" connected by a horizontal stroke, and "LLC" in a smaller, separate area.

# CITY OF ROYAL OAK, MICHIGAN

## **Schedule of Findings and Questioned Costs**

For the Year Ended June 30, 2025

### **SECTION I - SUMMARY OF AUDITORS' RESULTS**

#### **Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

#### **Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  none reported

Any audit findings disclosed that are required

to be reported in accordance with

2 CFR 200.516(a)? \_\_\_\_\_ yes  no

Identification of major programs:

<b><u>Assistance Listing Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>	<b><u>Type of Report</u></b>
14.218	Community Development Block Grants/ Entitlement Grants	Unmodified

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes \_\_\_\_\_ no

# CITY OF ROYAL OAK, MICHIGAN

## **Schedule of Findings and Questioned Costs**

For the Year Ended June 30, 2025

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.



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

### **■ Summary Schedule of Prior Audit Findings**

For the Year Ended June 30, 2025

None reported.

