City of Oak Park, Michigan



Year Ended June 30, 2019 Comprehensive Annual Financial Report

Prepared by Finance Department

City Manager Erik Tungate

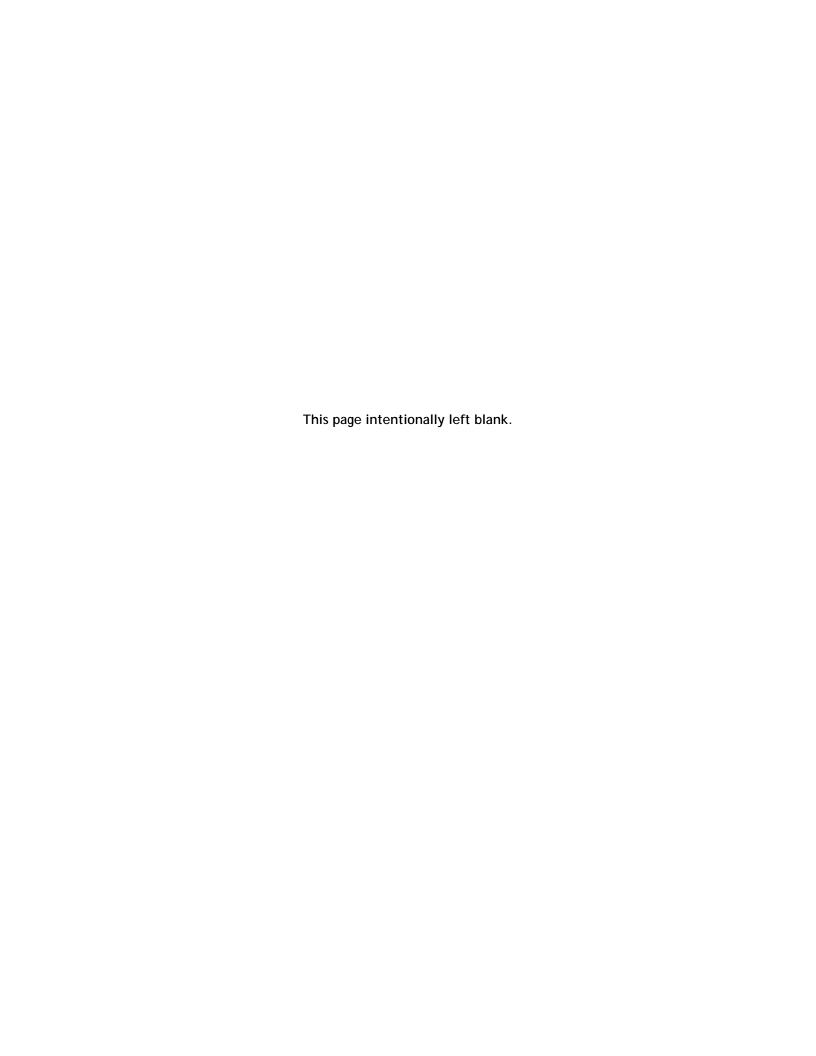


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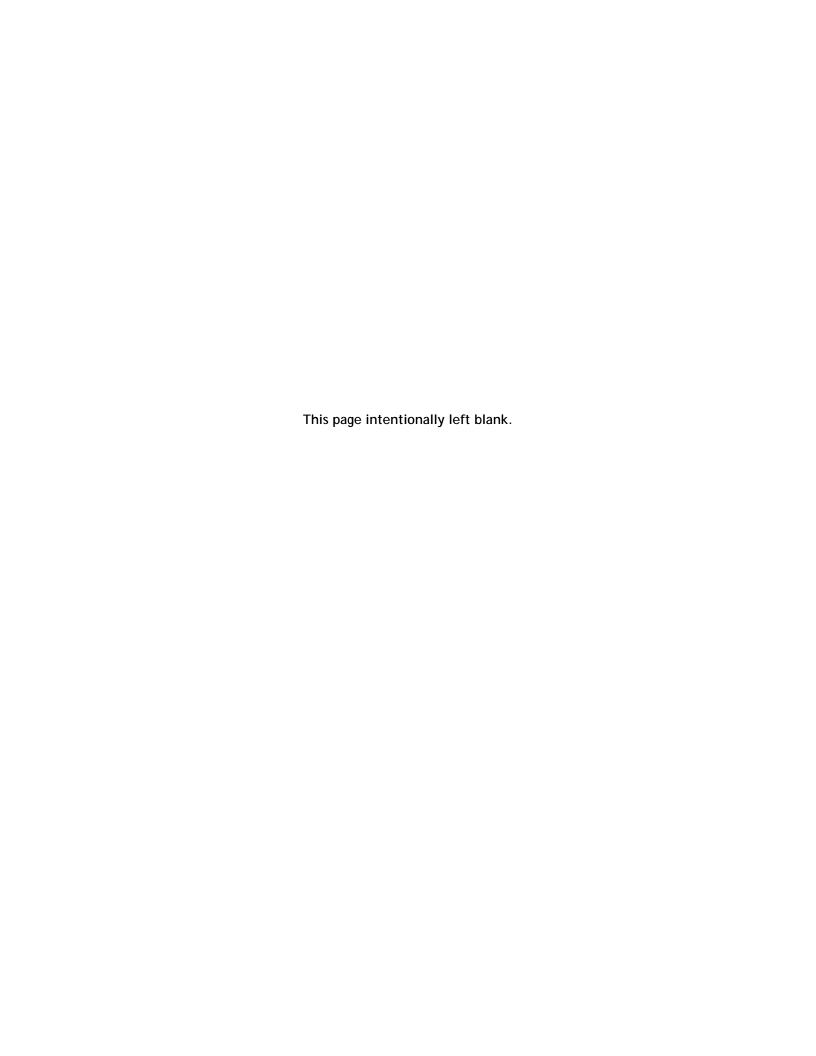
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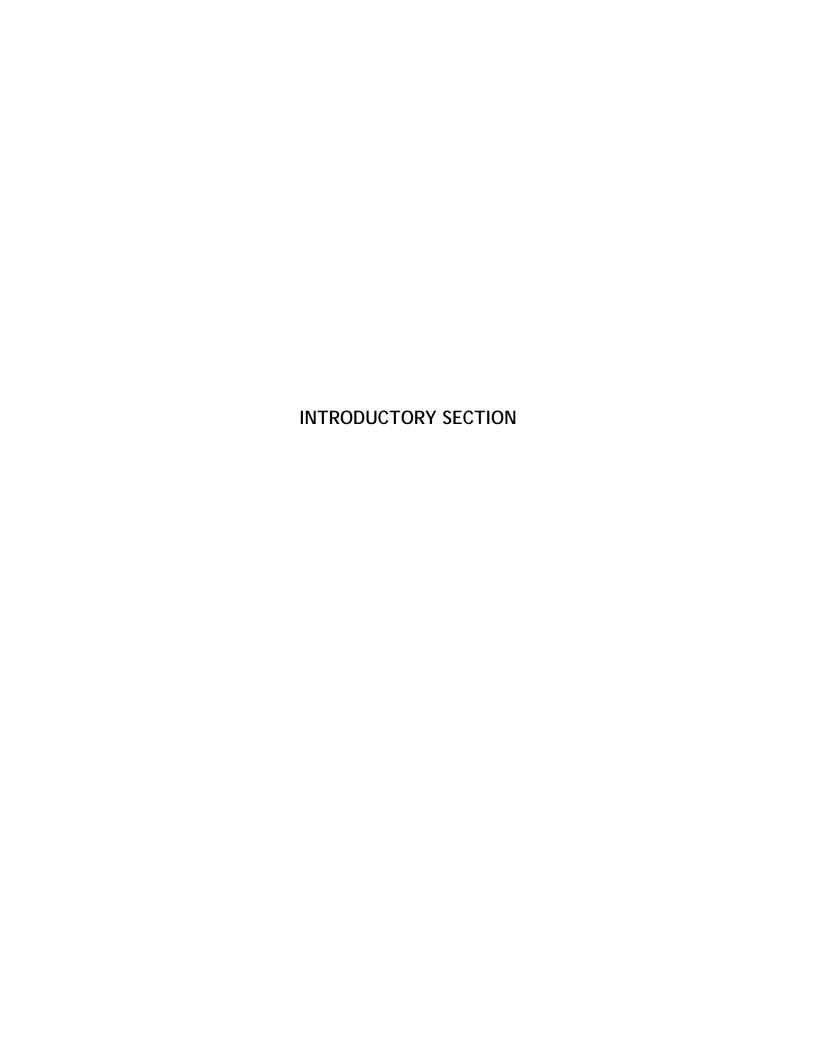
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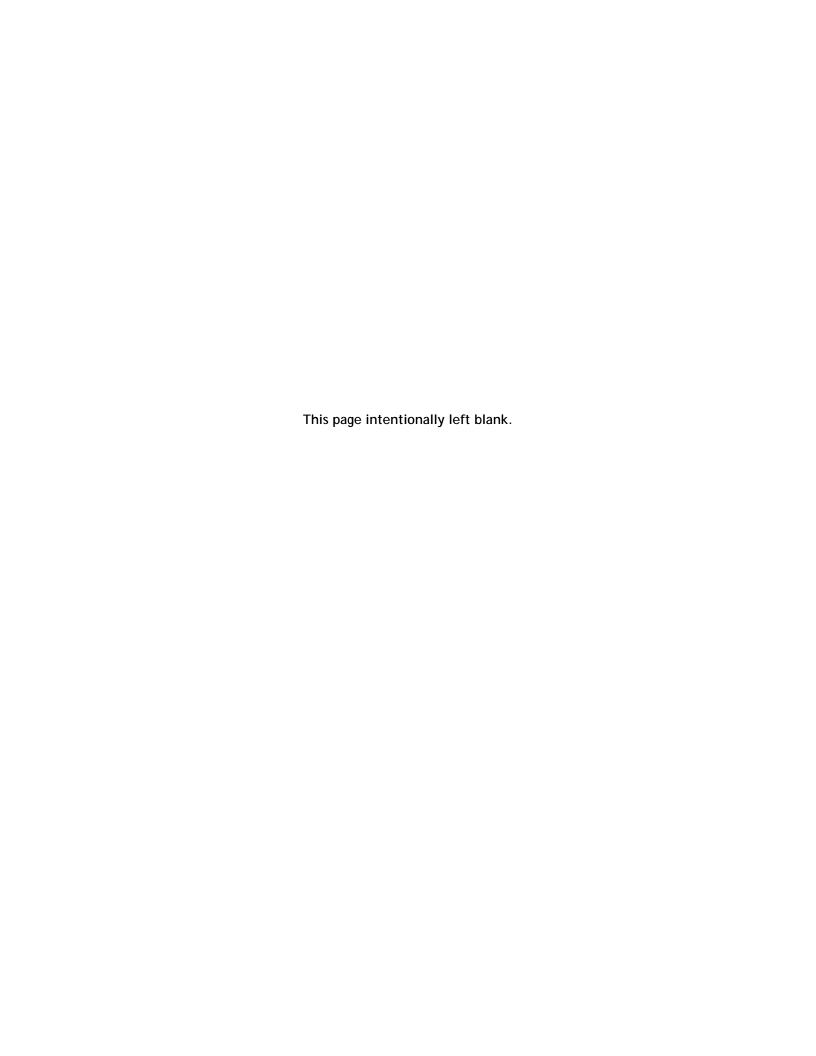
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CITY OF OAK PARK

OFFICE OF THE CITY MANAGER

Mayor
Marian McClellan
Mayor Pro Tem
Solomon Radner
Council Members
Carolyn Burns
Ken Rich
Regina Weiss
City Manager
Erik Tungate

December 17, 2019

To the Honorable Mayor, Members of the City Council and the Citizens of the City of Oak Park, Michigan

The comprehensive annual financial report (CAFR) of the City of Oak Park (the "City") for the year ended June 30, 2019, is hereby submitted as mandated by the City Charter, Section 9.8, and state statute, Public Act 2 of 1968. The City Charter and state statute require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements and supplemental schedules contained herein have been audited by Rehmann Robson LLC, Certified Public Accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City activities have been included.

Generally accepted accounting principles ("GAAP") require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

The Reporting Entity and Services Provided

The City has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The City includes all the funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Mayor and City Council. Based on these criteria, the Economic Development Corporation, Brownfield Redevelopment Authority, and Corridor Improvement Authority have been included in this report.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; planning and zoning; library services; and recreational activities and cultural events. In addition, water and sewer services are provided under an enterprise fund concept, with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

Local Economy and Governmental Structure

The City is located near the southeast corner of Oakland County in metropolitan Detroit, and approximately 3.5 miles from Macomb County and adjacent to the northern boundary of the City of Detroit and Wayne County. The City contains approximately 5.5 square miles with a population of 29,319 as reported by the U.S. Bureau of Census for 2010.

The City operates under the Council-Manager form of government as established in its charter adopted October 29, 1945. City Council is comprised of a Mayor, elected at-large every two years, and four Councilmembers, two elected at-large every four years. City Council is responsible for enacting ordinances, resolutions, and regulations governing the City. City Council also appoints the members of various statutory and advisory boards and commissions, the City Manager, and the City Attorney. The City Manager is responsible for the day-to-day management of the City and enforcement of laws and ordinances established by City Council and appoints and supervises the heads of departments of the City organization.

The City has grown over the years to a point where only one percent of its total land area is vacant. Although most of the growth occurring in Oakland County is taking place to the west and north, the I-696 freeway, which runs through Oak Park, provides a corridor of opportunity for redevelopment and enhancement of existing development.

It is management's goal to maintain high quality services to the citizens of Oak Park during economic uncertainty. The City has adopted prudent financial policies, which will help guide it through the upcoming years. The City has a strong property tax base and management believes it can meet the challenges confronting the community in the near future.

Major Initiatives

The following were among those many diverse activities and accomplishments to which both the elected officials and staff devoted their energies in fiscal year 2018-2019:

- 1) The City's number one priority was preserving fund balance while maintaining or improving existing city services. Due to the significant efforts on behalf of the entire city, the amended operating budget was balanced and the overall result was an increase to the fund balance in the general fund of more than \$474,000, bringing total fund balance at June 30, 2019 to approximately \$4,369,000 or 20.4% of expenditures and transfers. Approximately \$350,000 of the favorable fund balance was due to projects that ended up spanning more than one fiscal year and will be completed in fiscal 2020. The ending fund balance continues to be in the targeted range for the fifth year in a row.
- 2) The second priority was to address the long-term legacy costs. The City shortened the amortization period of both pension plans which resulted in an increase in the required actuarial contribution of over \$843,000 more than the amount required in fiscal year 2018. In addition, the City was able to contribute \$171,254 and \$281,604 over the increased actuarially required public safety and employees pension contributions, respectively. In addition, the original budget did not have any contribution toward the OPEB liability; however, a contribution in excess of the pay-as-you-go contribution to the OPEB fund totaling approximately \$1.2 million was made.
- 3) The third priority was economic development and improving the quality of life for residents and businesses. The focus on economic development projects is to rehabilitate existing structures and promote new development. The quality of life issues include additional public safety officers for safety and code enforcement to ensure all structures and city lots are maintained are up to existing code.

Financial Information

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with 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: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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.

Long-term Financial Planning

City Council has adopted the following financial policies to guide the process for long-term financial decisions:

1) Debt Management Policy - provides guidelines for borrowing money to finance projects; 2) Cash Management Policy - provides guidelines for the day-to-day handling of cash and investments; 3) Capital Improvement Policy - sets capitalization thresholds and parameters for capital asset purchases; and 4) Investment Policy - provides guidelines for investment of the City's liquid assets.

A large parcel of property owned by the State of Michigan (the "State"), which formerly housed the Eight Mile Armory, has stood vacant for many years. The State has sold this parcel for commercial development with portions of this property currently being redeveloped. This project continues to stimulate development in that area and provide additional tax dollars to fund future development.

As the City continues to operate in an environment of slow economic growth and significant limitations on revenues, additional funding sources may need to be found to fund large capital projects. This may include additional taxes, which can only be raised by a vote of the people. Other sources of revenue may include grants, special assessments, or raising fees. These challenges will be met following the financial policies above.

Federal Financial Assistance

As a recipient of federal financial assistance, the City is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control systems are evaluated periodically by management to achieve these objectives. The City was not required to have a single audit in fiscal year 2018-2019 to test these controls, per Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), because it did not receive more than \$750,000 in federal awards this fiscal year.

Budgeting Controls

In accordance with state law, the City's budget is prepared on the modified accrual basis for governmental funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. Governmental funds, such as the City's general fund, special revenue funds, debt service funds, and capital projects funds, are reported on the modified accrual basis. The City's enterprise fund, internal service funds, and pension and other employee benefits trust funds are reported on the accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the general and special revenue funds. However, for internal accounting purposes, budgetary control is maintained by object class (line account) for all funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders that would create an over encumbrance are not written until additional appropriations are available. Encumbered accounts lapse at year-end. There were no encumbrances outstanding at June 30, 2019.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Acknowledgements

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and Administrative Services, Department of Technical and Planning Services, and our independent auditors, Rehmann Robson LLC, Certified Public Accountants. Each of them has our sincere thanks.

In closing, without the leadership and support of City Council, preparation of this report would not have been possible.

Sincerely,

[Signature omitted for security purposes]

Erik Tungate City Manager

ELECTED AND APPOINTED OFFICIALS

City Council

Marian McClellan *Mayor*

Solomon Radner Mayor Pro-Tem

Carolyn Burns Ken Rich Regina Weiss Council Members

Appointed Officials and Senior Management

Erik Tungate, City Manager

Kevin Yee, Assistant City Manager / Public Works Director / City Engineer
T. Edwin Norris, City Clerk

Saundra Crawford, Director of Finance and Administrative Services / Treasurer

Jamen Winters, Deputy Finance Director

John Gillooly and Ebony Duff, City Attorney

Sarah Jones, Library Director

Robert Barrett, Director of Technical and Planning Services

Steve Cooper, Director of Public Safety

Laurie Stasiak, Director of Recreation

Steve Lukasik, Deputy Treasurer

WCA Assessing, City Assessor

Scott Lemarbe, General Foreman

Ed Mlynczyk, General Foreman

Mike Pinkerton, Deputy Director of Public Safety

Daniel Fairless, Deputy Director of Technical and Planning Services

David DeCoster, Deputy Director of DPW & Director of Facilities

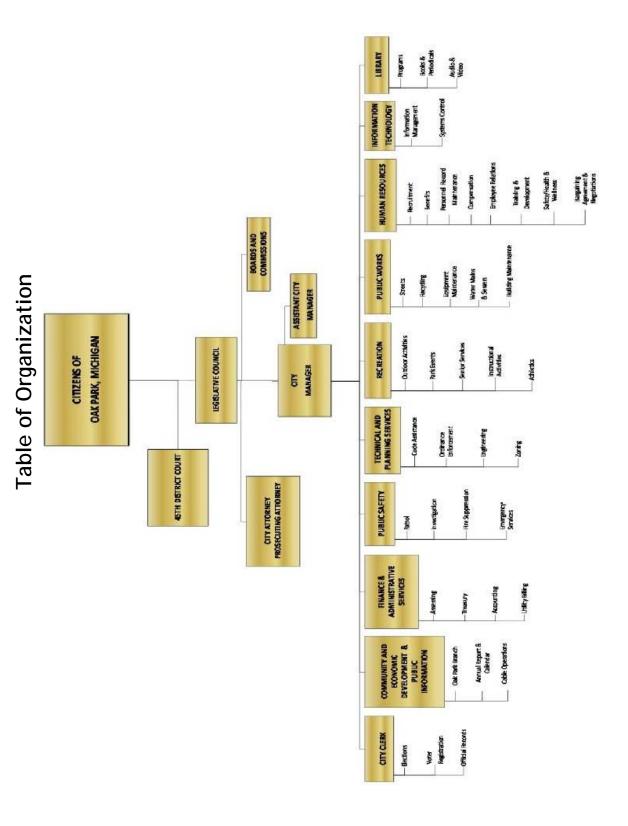
Kevin VanDewalle, Water Supervisor

Maralee Rosemond, Senior Services Coordinator

Vicky Brooks, Director of Human Resources & Operations

Kimberly Marrone, Director of Economic Development & Communications / Communications & Public Information

Crystal VanVleck, Director of Strategic Planning and Special Projects





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Park Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Rehmann Robson

675 Robinson Rd.
Jackson, MI 49203
Ph: 517.787.6503
Fx: 517.788.8111
rehmann.com

INDEPENDENT AUDITORS' REPORT

December 17, 2019

The Honorable Mayor and Members of the City Council City of Oak Park, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Oak Park, Michigan* (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oak Park, Michigan, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general and major streets special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2019, on our consideration of the City of Oak Park, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Oak Park, Michigan (the "City"), we offer readers an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the financial statements.

Financial Highlights

- The City's net position decreased in the current year. Net position of the governmental activities decreased by \$7.2 million, or 7.5 percent. Net position of the business-type activities increased by \$1.6 million, or 12.2 percent.
- The total cost of all of the City's governmental programs was \$40.3 million.
- · In the City's business-type activities, revenues were \$13.8 million while expenses were \$12.3 million.
- The fund balance of the City's governmental funds reported an increase of \$1.0 million, or 9.1 percent, over the prior year from \$10.6 million to \$11.5 million.
- The general fund reported an increase in fund balance of \$0.5 million, or 12.2 percent.
- The City's installment debt outstanding decreased \$2.5 million, or 7.7 percent, over the prior year from \$32.7 million to \$30.2 million.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements for governmental activities show how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins with the statement of net position. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position (the difference between assets and deferred outflows and liabilities and deferred inflows) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into three kinds of activities:

· Governmental activities — Most of the City's basic services are reported here, including general government, judicial, public safety, road maintenance and repair, public works, health and sanitation, culture and recreation, library, community development, and interest and fiscal charges. Property taxes, franchise fees, and state grants finance most of these activities.

Management's Discussion and Analysis

- · Business-type activities The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.
- Discretely presented component units The City includes three separate legal entities in its report, the Economic Development Corporation, Brownfield Redevelopment Authority, and Corridor Improvement Authority. Although legally separate, these discretely presented component units are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by statute and by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's three kinds of funds—governmental, proprietary, and fiduciary—use different accounting approaches.

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation following the fund financial statements.

Proprietary funds. When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise fund (a type of proprietary fund) is the same as the business-type activities we report in the government-wide statements but in greater detail. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the City's motor pool operation.

Fiduciary funds. This category includes the City's pension and other employee benefits trust funds along with its agency funds, which account for monies held on behalf of others.

Reporting the City as Trustee

The City is the trustee, or fiduciary, for its employees' pension plan and retirees' health care - general and public safety employees' fund. It is also responsible for other assets in an agency capacity. All of the City's fiduciary activities are reported in the separate statements of fiduciary net position and the statement of changes in fiduciary net position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City as a Whole

The City's total net position decreased over the prior year from negative \$83.5 million to negative \$89.2 million. Our analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

Management's Discussion and Analysis

	Net Position									
	Governmenta	al Activities	Business-typ	oe Activities	Total					
	2019	2018	2019	2018	2019	2018				
Comment and other access	¢ 44.05.704	Ć 42 254 772	ć 7.247.202	Ć / 404 F00	ć 22 042 004	Ć 40 7 27 254				
Current and other assets	\$ 14,695,701	\$ 13,254,663	\$ 7,316,303	\$ 6,481,588	\$ 22,012,004	\$ 19,736,251				
Capital assets, net	41,690,147	42,172,417	28,875,711	28,271,318	70,565,858	70,443,735				
Total assets	56,385,848	55,427,080	36,192,014	34,752,906	92,577,862	90,179,986				
Deferred outflows										
of resources	4,281,419	9,506,305	18,356	183,633	4,299,775	9,689,938				
Long-term debt Pension and other	27,704,372	29,289,513	7,803,011	9,269,941	35,507,383	38,559,454				
postemployment benefits	132,855,819	128,644,291	12,766,684	11,899,892	145,622,503	140,544,183				
Other liabilities	2,498,830	2,019,428	1,257,225	941,907	3,756,055	2,961,335				
Total liabilities	163,059,021	159,953,232	21,826,920	22,111,740	184,885,941	182,064,972				
Deferred inflows										
of resources	1,156,179	1,311,823			1,156,179	1,311,823				
Net position										
Net investment in										
capital assets	16,135,780	15,026,750	23,682,823	22,094,929	39,818,603	37,121,679				
Restricted	5,915,132	4,388,861	-	-	5,915,132	4,388,861				
Unrestricted (deficit)	(125,598,845)	(115,747,281)	(9,299,373)	(9,270,130)	(134,898,218)	(125,017,411)				
Total net position (deficit)	\$ (103,547,933)	\$(96,331,670)	\$14,383,450	\$12,824,799	\$(89,164,483)	\$(83,506,871)				

Except for the unrestricted net position deficit in the governmental and business-type activities, the City reports positive balances in all other categories of net position. The net position deficits are a direct result of the net pension liability from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and the other postemployment benefit liability from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in fiscal year 2018.

Net position of the City's governmental activities decreased by \$7.2 million. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements — changed from negative \$115.7 million at June 30, 2018 to negative \$125.6 million at the end of this year. The decrease in unrestricted net position (increase in the deficit) from the prior to the current year is largely due to changes in the net pension and other postemployment benefit liabilities and related deferred amounts.

The net position of the business-type activities increased by \$1.6 million. This is largely due to the City increasing its water and sewer rates by \$2.43 and \$25.68 per 1,000 cubic feet, respectively.

Management's Discussion and Analysis

	Change in Net Position									
	Government	al Activities	Business-ty	pe Activities	То	tal				
	2019	2018	2019	2018	2019	2018				
Revenues										
Program revenues:										
Charges for services	\$ 7,024,464	\$ 6,890,525	\$13,338,756	\$12,356,387	\$ 20,363,220	\$ 19,246,912				
Operating grants	3,624,651	3,096,285	408,736	90,817	4,033,387	3,187,102				
Capital grants	58,760	44,438	-	-	58,760	44,438				
General revenues:										
Property taxes	17,639,267	16,340,124	-	-	17,639,267	16,340,124				
State shared	3,611,586	3,556,332	-	-	3,611,586	3,556,332				
Other taxes	631,787	642,949	-	-	631,787	642,949				
Investment earnings	470,099	120,820	83,894	23,870	553,993	144,690				
Other	-		9,517	6,731	9,517	6,731				
Total revenues	33,060,614	30,691,473	13,840,903	12,477,805	46,901,517	43,169,278				
Expenses										
General government	9,878,893	8,428,726	-	-	9,878,893	8,428,726				
Judicial	3,067,582	3,312,598	-	-	3,067,582	3,312,598				
Public safety	16,498,401	16,032,718	-	-	16,498,401	16,032,718				
Road maintenance										
and repair	973,456	2,599,451	-	-	973,456	2,599,451				
Public works	3,792,312	2,047,753	-	-	3,792,312	2,047,753				
Health and sanitation	2,772,595	2,726,238	-	-	2,772,595	2,726,238				
Culture and recreation	844,486	903,615	-	-	844,486	903,615				
Library	946,003	962,330	-	-	946,003	962,330				
Community development	624,666	709,763	-	-	624,666	709,763				
Interest and fiscal charges	878,483	921,950	-	-	878,483	921,950				
Water and sewer		-	12,282,252	14,032,425	12,282,252	14,032,425				
Total expenses	40,276,877	38,645,142	12,282,252	14,032,425	52,559,129	52,677,567				
Change in net position	(7,216,263)	(7,953,669)	1,558,651	(1,554,620)	(5,657,612)	(9,508,289)				
Net position										
Beginning of year	(96,331,670)		12,824,799	19,212,433	(83,506,871)	(23,812,119)				
Restatement for GASB 75	-	(45,353,449)		(4,833,014)	-	(50,186,463)				
End of year	\$ (103,547,933)	\$(96,331,670)	\$14,383,450	\$12,824,799	\$(89,164,483)	\$(83,506,871)				

The City's total revenue for all programs and services increased 8.7 percent (\$3.7 million) from the prior year. This increase is largely due to a 8 percent increase in property taxes due to inflation and new development, charges for services increase of almost \$1 million due to the annual rate increase, and a significant increase in investment earnings due to favorable change in unrealized long-term investments.

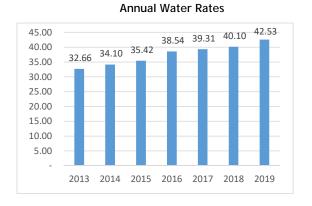
The total cost of all programs and services increased by 5.5 percent (\$2.7 million). This increase is largely due to increase in pension of more than \$1.2 million city-wide along with an additional contribution to postemployment retirement benefits over and above the pay-as-you go amount of \$1.2 million.

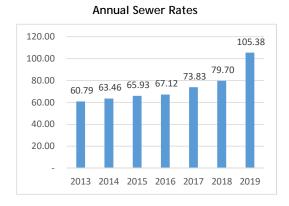
Governmental activities. Revenues for the City's governmental activities increased by 7.7 percent (\$2.4 million), while total expenses increased 4.2 percent (\$1.6 million).

Management's Discussion and Analysis

Business-type activities. The City has one business-type activity: the water and sewer system. Revenues of the City's water and sewer activity increased by 10.9 percent (\$1.4 million). Expenses increased by 9.8 percent (\$1.1 million). The City reported net income of \$1.2 million in the water and sewer activity. This was a decrease of \$0.1 million, from fiscal year 2018 net income of \$1.3 million. The factors driving these results include:

- The City raised water and sewer rates in conjunction with the estimated cost increases, debt service payments, and projected capital needs for the fiscal year with the intent of maintaining net cash position of the fund.
- Water rates increased from \$40.10 in year 2017-2018 to \$42.53 per 1,000 cubic feet in fiscal year 2018-2019. Sewer rates increased from \$79.70 to \$105.38 per 1,000 cubic feet. A recent history of the City's water and sewer rates follows:





The City's Funds

As the City completed the year, its governmental funds reported a total fund balance of \$11.5 million, which is above last year's total of \$10.6 million. Included in this year's total change in fund balance is an increase of \$474,469 in the City's general fund. Refer below for further information regarding the significant changes in general fund revenues and expenditures.

General Fund Budgetary Highlights

Over the course of the year, the City Council made quarterly budget amendments and other amendments as necessary. Budget amendments generally fall into three categories. The first category includes amendments and supplemental appropriations that were approved as projects and contracts were competitively bid and come in higher than originally budgeted. The second included Council approved increases in appropriations when preparing the subsequent year's budget. These appropriations were to adjust the original budget when departments submitted estimated year-end figures that exceeded current budgeted amounts. Finally, amending the budget at the last City Council meeting of the fiscal year to prevent significant budget overruns.

Total actual revenues were greater than the final amended budgeted amount by \$212,235. Significant increases from the final amended budgeted amounts included property tax revenue due to charge backs of delinquent taxes being less than anticipated and various other revenue being greater than anticipated.

The actual expenditures were \$70,628 more than the final budget amounts in the general fund with two expenditure activities exceeding their budget. Refer to footnote 3 for a detailed listing of these overages. The expenditure overage is primarily due to extra contributions made to the other postemployment benefits (OPEB) plans that were not budgeted.

Management's Discussion and Analysis

General fund revenues. The following paragraphs analyze the activities of the City's major operating fund. General fund revenues totaled \$21.9 million, an increase of 5.9 percent over the prior year. Revenues by source were as follows:

	General Fund Revenues										
		Fiscal 2019	Percent of Total	-	ncrease ecrease)	% Change from Prior Year					
Property taxes Licenses and permits Intergovernmental Charges for services Fines and forfeits Interest income Other	\$	13,185,525 704,039 3,623,415 559,147 2,156,468 246,900 1,389,351	\$ 12,395,925 688,406 3,517,417 608,329 2,067,620 93,060 1,272,279	60.30% 3.22% 16.57% 2.56% 9.86% 1.13% 6.35%	\$	789,600 15,633 105,998 (49,182) 88,848 153,840 117,072	6.37% 2.27% 3.01% -8.08% 4.30% 165.31% 9.20%				
Total	\$	21,864,845	\$ 20,643,036	100.00%	\$	1,221,809	5.92%				

Ad valorem taxes provide the City's primary source of revenue. The City's total tax rate is 35.5834 per \$1,000 of taxable value. This is below the state's legal limit as provided for by the Headlee Amendment and the Truth in Taxation Act and includes the 7.0000 mill voter-approved levy for PA 345 public safety retirement costs. The overall increase in revenue is due to the decrease in the reserve for chargebacks and property tax appeals. See rates, as follows:

Purpose of	2019	2018
Millage	Rate	Rate
Operating	15.8571	16.1117
Library	1.4457	1.4690
Solid Waste/Refuse	2.8628	2.9088
2012 Debt	1.6200	1.6800
2015 Debt	1.5000	1.6100
2010 Debt	1.7500	1.9050
Recreation	0.4847	0.4925
Public Safety	1.9544	1.9700
Headlee Override	1.1087	1.1265
Public Safety Act 345	7.0000	6.8953
	35.5834	36.1688

Property tax revenue increase was due to lower chargebacks for delinquent prior year taxes.

Intergovernmental revenues increase was primarily due to slightly higher amounts received from the State of Michigan due to increase in sales tax collections and revenue sharing.

Charges for services decrease is due primarily to a reduction in general government rental income.

Fines and forfeits revenues increase was primarily due to increased ticket collection revenue collected by the District Court.

Interest income increase is attributable to higher interest rates recognized on City investments and significant increase in unrealized gains on long-term investments.

Other revenues increase is primarily due to increase in prescription drug subsidy rebates on employees healthcare.

Management's Discussion and Analysis

General fund expenditures. General fund expenditures were \$19.6 million, an increase of \$1.0 million or 5.3 percent, over the prior year. Broken down by function, expenditures were as follows:

	General Fund Expenditures									
		Fiscal	Year	Percent of	lı	ncrease	% Change from Prior			
		2019	2018	Total	(D	ecrease)	Year			
General government Public safety Public works Culture and recreation Community development Nondepartmental costs	\$	3,406,565 10,796,004 760,891 578,873 179,691 3,905,535	\$ 3,498,671 10,198,874 714,724 666,885 156,576 3,396,046	17.36% 55.00% 3.88% 2.95% 0.92% 19.90%	\$	(92,106) 597,130 46,167 (88,012) 23,115 509,489	-2.63% 5.85% 6.46% -13.20% 14.76% 15.00%			
Total	\$	19,627,559	\$ 18,631,776	100.00%	\$	995,783	5.34%			

General government expenditures decrease is due to an overall decrease in self-insured healthcare benefits paid.

The public safety department increase is due primarily to the significant increase in defined benefit pension contributions (including amount over required ADC).

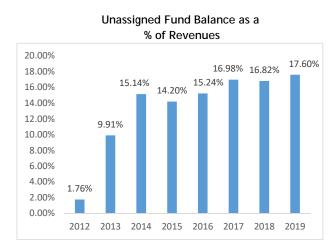
The public works department increase was primarily due to higher than anticipated facilities maintenance costs.

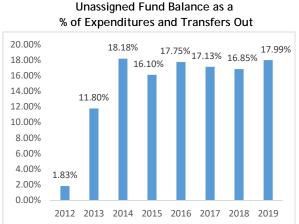
Culture and recreation decrease is due primarily to less than anticipated participation in program activities.

Community development increase was primarily due to an increase projects and zoning ordinances.

Nondepartmental costs increase was primarily due to additional voluntary contribution to the OPEB plan of \$1,200,000 above the pay-as-you-go amount.

General fund. Fund balance at June 30, 2019 increased by 12.2 percent or \$474,469 over the prior year. The unassigned (and available for appropriation portion of) fund balance increased by \$375,107 to a balance of \$3.8 million which provides the City with 66 days of expenditures, and is equivalent to 18.0 percent of annual expenditures and transfers. Our goal is to maintain this percentage at 8.3 to 18.0 percent (one to two months expenditures), a level considered adequate to meet any unforeseen events and avoid cash shortfalls during periods of low tax collections. An additional goal is to maintain fund balance at 10 to 15 percent of revenues. Unassigned fund balance can be graphically demonstrated as follows:





Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. At June 30, 2019, the City had \$70.6 million invested in a broad range of capital assets, including land, rights-of-way, work in progress, infrastructure, buildings, improvements, library collection, and equipment.

	Capital Assets (Net of Depreciation)											
	Governmental Activities					usiness-ty	Activities	Total				
		2019	2018			2019		2018		2019		2018
Land	\$	1,653,109	\$	1,642,187	\$	11,502	\$	11,502	\$ <i>^</i>	1,664,611	\$	1,653,689
Rights-of-way		600,818		600,818		-		-		600,818		600,818
Work in progress		1,417,144		-	2	2,357,609		1,588,382	3	3,774,753		1,588,382
Infrastructure - roads		17,877,530	1	19,272,653		-		-	17	7,877,530		19,272,653
Infrastructure - sidewalks		2,235,039		2,028,840		-		-	2	2,235,039		2,028,840
Infrastructure - systems		-		-	26	5,444,396	7	26,573,838	26	6,444,396		26,573,838
Buildings		14,716,108	1	15,126,913		434		1,300	14	4,716,542		15,128,213
Improvements		1,856,766		2,028,106		-		-	1	1,856,766		2,028,106
Library collection		202,299		203,205		-		-		202,299		203,205
Vehicles and equipment		939,369		990,886		61,770		96,296	•	1,001,139		1,087,182
Other equipment		191,965		278,809		-		-		191,965		278,809
		_		•		•		<u>. </u>		<u> </u>		
Total capital assets, net	\$	41,690,147	\$ 4	12,172,417	\$28	8,875,711	\$2	28,271,318	\$ 70	0,565,858	\$	70,443,735

More detailed information about the City's capital assets is presented in Note 9 to the financial statements.

Long-term debt. Under current state statutes, the City's net debt may not exceed 10% of the total assessed value of real and personal property as certified by the City Assessor. The City's net debt of \$25,115,665 is 4.0% of assessed value, and provides a legal debt margin of \$38,263,371. Net general bonded debt per capita equaled \$789.

The long-term debt obligations of the City consist of general obligation bonds outstanding and a capital lease.

At year-end, the City had \$30,217,888 in installment debt outstanding versus \$32,741,389 last year, a decrease of 7.7 percent, as shown in the table below.

	Installment Debt										
	Government	al Activities	Business-typ	oe Activities	Total						
	2019	2018	2019 2018		2019	2018					
General obligation bonds (backed by the City) Capital lease	\$ 23,035,000 1,990,000	\$ 24,495,000 2,070,000	\$ 5,192,888	\$ 6,176,389	\$ 28,227,888 1,990,000	\$ 30,671,389 2,070,000					
Total	\$ 25,025,000	\$ 26,565,000	\$ 5,192,888	\$ 6,176,389	\$ 30,217,888	\$ 32,741,389					

At June 30, 2019, the 2012 street improvement refunding bonds, the 2015 street improvement refunding bonds, and the 2010 municipal complex bonds were the only outstanding governmental general obligation bonds. These bonds are paid by a tax levied on all taxpayers separate from the operating millage. A mill represents \$1 of tax for every \$1,000 of taxable value of real and personal property. The City's debt service levy in fiscal year 2018-2019 was 4.8700 mills. Requirements for general obligation bonds will decrease until all bonds are paid off in May 2036.

Management's Discussion and Analysis

The City belongs to a consortium of cities known as the Twelve Towns Drainage District (the "District"). This District was formed to collect and treat sewage and stormwater for 14 communities. In 1998 the Michigan Department of Environmental Quality ordered the District to upgrade its retention facility and decrease its excess flows into Lake St. Clair. The total estimated cost of these improvements is \$130 million, of which the City is responsible for 13.48%. This project began in fiscal year 2000-2001.

The District is borrowing funds through construction drawdowns to complete this project. As of June 30, 2019, the City is obligated to pay \$5,192,888. Due to the nature of draws, the exact obligation will be unknown until the project is complete or no other draws are made. Payments on these obligations continue until 2029, ranging from \$65,707 to \$1,054,343. The City will continue to monitor the sewer rates to ensure sufficient cashflow to repay this debt.

The City's general obligation Moody's Rating Service underlying bond rating was A3. The State of Michigan limits the amount of general obligation debt that cities can issue to 10 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is below this \$63,379,036 state-imposed limit.

Other obligations include accrued vacation pay, sick leave, and claims and judgments. More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

Economic Factors and Next Year's Budget and Rates

Oak Park (population 29,319) is primarily a residential community located in southeastern Oakland County, Michigan. The local tax base has experienced an increase of 6.4% for fiscal year 2018-2019 and is expected to have a modest increase in the following year (3.3% expected for 2019-2020). This rebound in the economy is encouraging but will continue to present challenges in the near future. Service levels will continue to be adjusted to match annual revenues.

In November 2012, the voters approved the creation of an Act 345 retirement system for public safety employees. The approval comes with the ability to use a property tax levy to fund a portion of public safety retirement costs (previously paid by the general fund). The voters approved up to 7 mills to be assessed annually to be used for this purpose for a seven year period beginning in 2013-2014 fiscal year. In fiscal years 2017-2018 and 2018-2019, the full 7 mills was levied.

Overall net general bonded debt is moderate and continues to decline for the fifth year in a row, at \$789 per capita and 4.74% of actual taxable value of property.

The City's elected and appointed officials considered many factors when setting the fiscal year 2019-2020 budget including tax rates and fees to be charged for the business-type activities. One of those factors is the economy. Unemployment in the City now stands at 6.2 percent versus 5.7 percent a year ago. This compares with the State's unemployment rate of 4.2 percent and the national rate of 3.7 percent.

These indicators were taken into account when adopting the general fund budget for fiscal year 2019-2020. The fiscal year 2019-2020 budget was adopted in May 2019. Amounts available for appropriation in the general fund budget are \$21.564 million, an increase of 2.3% percent over the estimated fiscal year 2018-2019 amount of \$21.089 million. Property tax revenue is budgeted to increase slightly by 3.0%. Overall, revenues are expected to remain relatively flat. Budgeted expenditures are expected to increase, to \$21.564 million from \$21.089 million in fiscal year 2018-2019. The City has added no major new programs or initiatives to the fiscal year 2019-2020 budget.

The expense plan for the water and sewer fund for fiscal year 2019-2020 is \$13,961,377 an increase of \$0.604 million from fiscal year 2018-2019. The plan includes an overall increase in water and sewer rates of 7.57%, a decrease from fiscal year 2018-2019 increase of 14.65%. This increase is necessary due to an increase in the wholesale water and sewage rates from Oakland County.

This plan includes expenses for the District (known also as the George W. Kuhn Drain). Construction continues and ten bonds have been issued to pay for the costs. The City is responsible for 13.48% of the cost. Debt payments have been built into the budget and sewer rates increased to meet our obligations. The George W. Kuhn Drain debt payment (principal and interest) will be \$1.13 million in fiscal year 2019-2020.

Management's Discussion and Analysis

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance and Administrative Services' Office, at the City of Oak Park, 14000 Oak Park Blvd., Oak Park, MI, 48237.

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BASIC FINANCIAL STATEMENTS

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Statement of Net Position June 30, 2019

	Pr			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Assets				
Cash and investments	\$ 11,676,796	\$ 3,417,942	\$ 15,094,738	\$ 542,679
Receivables	2,438,332	3,898,308	6,336,640	17,704
Prepaid items	580,573	53	580,626	-
Capital assets not being depreciated	3,671,071	2,369,111	6,040,182	-
Capital assets being depreciated, net	38,019,076	26,506,600	64,525,676	
Total assets	56,385,848	36,192,014	92,577,862	560,383
Deferred outflows of resources				
Deferred pension amounts	2,592,500	13,604	2,606,104	-
Deferred other postemployment benefit liability amounts	1,534,163	4,752	1,538,915	-
Deferred charge on refunding	154,756		154,756	-
Total deferred outflows of resources	4,281,419	18,356	4,299,775	
Liabilities				
Accounts payable and accrued liabilities Long-term debt:	2,498,830	1,257,225	3,756,055	535,373
Due within one year	2,479,162	1,703,931	4,183,093	_
Due in more than one year	25,225,210	6,099,080	31,324,290	_
Other liabilities due in more than one year:	23,223,210	0,077,000	31,324,270	
Net pension liability	47,598,248	6,910,912	54,509,160	_
Net other postemployment benefit liability	85,257,571	5,855,772	91,113,343	-
The other posternproyment benefit hashies	03,237,371	3,033,772	71,113,313	
Total liabilities	163,059,021	21,826,920	184,885,941	535,373
Deferred inflows of resources				
Deferred pension amounts	1,037,965	-	1,037,965	-
Deferred other postemployment benefit amounts	118,214		118,214	-
Total deferred inflows of resources	1,156,179	-	1,156,179	_
	.,,			
Net position				
Net investment in capital assets	16,135,780	23,682,823	39,818,603	-
Restricted for:	422.024		422.024	
Capital projects	133,836	-	133,836	-
Debt service	637,166	-	637,166	-
Judicial	89,381	-	89,381	-
Public safety	89,640	-	89,640	-
Road maintenance and repair	3,379,290	-	3,379,290	-
Public works	1,471,427	-	1,471,427	-
Library Unrestricted (deficit)	114,392	- (0 200 272)	114,392	- 25 010
omestricted (deficit)	(125,598,845)	(9,299,373)	(134,898,218)	25,010
Total net position (deficit)	\$ (103,547,933)	\$ 14,383,450	\$ (89,164,483)	\$ 25,010

Statement of Activities For the Year Ended June 30, 2019

		P			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	\$ 9,878,893	\$ 4,284,570	\$ 13,456	\$ 58,760	\$ (5,522,107)
Judicial	3,067,582	432,860	397,509	-	(2,237,213)
Public safety	16,498,401	31,195	30,604	-	(16,436,602)
Road maintenance and repair	973,456	199,119	2,895,987	-	2,121,650
Public works	3,792,312	443,549	-	-	(3,348,763)
Health and sanitation	2,772,595	1,604,897	-	-	(1,167,698)
Culture and recreation	844,486	-	-	-	(844,486)
Library	946,003	28,274	90,988	-	(826,741)
Community development	624,666	-	196,107	-	(428,559)
Interest and fiscal charges	878,483				(878,483)
Total governmental activities	40,276,877	7,024,464	3,624,651	58,760	(29,569,002)
Business-type activities -					
Water and sewer	12,282,252	13,338,756	408,736		1,465,240
Total primary government	\$ 52,559,129	\$ 20,363,220	\$ 4,033,387	\$ 58,760	\$(28,103,762)
Component units					
Brownfield Redevelopment Authority	\$ 509,487	\$ -	\$ -	\$ -	\$ (509,487)
Corridor Improvement Authority	37,959	1,325	-	-	(36,634)
•					, , , ,
Total component units	\$ 547,446	\$ 1,325	\$ -	\$ -	\$ (546,121)

continued...

Statement of Activities

For the Year Ended June 30, 2019

	Pri				
	Governmental Activities	Business-type Activities	- 1		mponent Units
Change in net position					
Net (expense) revenue	\$ (29,569,002)	\$ 1,465,240	\$ (28,103,762)	\$	(546,121)
General revenues:					
Property taxes levied for:					
General purposes	15,245,699	-	15,245,699		541,564
Debt services	2,393,568	-	2,393,568		-
State shared revenues	3,611,586	-	3,611,586		-
Franchise fees	631,787	-	631,787		-
Investment earnings	470,099	83,894	553,993		870
Other		9,517	9,517		
Total general revenues	22,352,739	93,411	22,446,150		542,434
Change in net position	(7,216,263)	1,558,651	(5,657,612)		(3,687)
Net position (deficit), beginning of year	(96,331,670)	12,824,799	(83,506,871)		28,697
Net position (deficit), end of year	\$ (103,547,933)	\$ 14,383,450	\$ (89,164,483)	\$	25,010

concluded.

Balance Sheet Governmental Funds June 30, 2019

			Major Streets	Nonmajor vernmental	Go	Total vernmental
	Ge	neral Fund	Fund	Funds		Funds
Assets						
Cash and investments	\$	4,133,390	\$ 1,943,443	\$ 5,316,187	\$	11,393,020
Receivables:		2.070				2.070
Taxes Special assessments		2,970	329,976	92,104		2,970 422,080
Accounts		226,612	9,780	566,105		802,497
Due from other governments		610,759	324,492	247,473		1,182,724
Due from other funds		86,175	52 1, 172	-		86,175
Prepaid items		521,922	36	1		521,959
Total assets	\$	5,581,828	\$ 2,607,727	\$ 6,221,870	\$	14,411,425
Liabilities						
Accounts payable	\$	590,040	\$ 107,798	\$ 857,226	\$	1,555,064
Accrued liabilities		551,724	13,608	141,637		706,969
Due to other funds		-	 -	 86,175		86,175
Total liabilities		1,141,764	 121,406	 1,085,038		2,348,208
Deferred inflows of resources						
Unavailable revenue - property taxes		70,781	-	-		70,781
Unavailable revenue - special assessments		-	329,976	75,813		405,789
Unavailable revenue - grants			 	 64,644		64,644
Total deferred inflows of resources		70,781	329,976	140,457		541,214
Fund balances						
Nonspendable		521,922	36	1		521,959
Restricted		-	2,156,309	4,002,298		6,158,607
Assigned		-	-	1,050,237		1,050,237
Unassigned (deficit)		3,847,361	 	 (56,161)		3,791,200
Total fund balances		4,369,283	 2,156,345	 4,996,375		11,522,003
Total liabilities, deferred inflows of						
resources, and fund balances	\$	5,581,828	\$ 2,607,727	\$ 6,221,870	\$	14,411,425

Reconciliation

Fund Balances of Governmental Funds to Net Position of Governmental Activities June 30, 2019

Fund balances - total governmental funds

\$ 11,522,003

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

Capital assets used in governmental activities are not financial resources,

and therefore are not reported in the fund financial statements.	
Capital assets not being depreciated	3,671,071
Capital assets being depreciated, net	38,019,076
Less net capital assets accounted for in internal service funds	(939, 369)
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 inflows in the	
governmental funds, and thus are not included in fund balance.	
Unavailable property taxes receivable	70,781
Unavailable long-term special assessments receivable	405,789
Unavailable grants receivable	64,644
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 governmental activities accounted for in internal service funds	1 272 790

governmental activities.	
Net position of governmental activities accounted for in internal service funds	1,272,790

in the current period, and therefore are not reported in the funds.	
Accrued interest on long-term debt	(199,767)
Bonds and capital lease payable	(25,025,000)
Unamortized bond premium	(727,831)
Accrued compensated absences	(1,951,541)
Unamortized deferred charge on refunding	154,756

Certain pension and postemployment-related 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.

Certain liabilities, such as bonds payable, are not due and payable

Net pension liability	(47,598,248)
Deferred outflows related to the net pension liability	2,592,500
Deferred inflows related to the net pension liability	(1,037,965)
Net other postemployment benefit liability	(85,257,571)
Deferred outflows related to the net other postemployment benefit liability	1,534,163
Deferred inflows related to the net other postemployment benefit liability	(118,214)

Net position (deficit) of governmental activities	\$ (103,547,933)
Net position (deficit) of governmental activities	\$ (103,547,5

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds For the Year Ended June 30, 2019

	General Fund	Major Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues	•			.
Property taxes	\$ 13,185,525	\$ -	\$ 4,469,581	\$ 17,655,106
Special assessments	70.4.030	65,856	410,736	476,592
Licenses and permits	704,039	-	-	704,039
Intergovernmental:	42.720	44 040	407 407	254.047
Federal grants	12,720	46,040	196,107	254,867
State grants	3,610,695	2,083,775	1,284,350	6,978,820
Charges for services	559,147	-	1,800,253	2,359,400
Fines and forfeitures	2,156,468	-	403,636	2,560,104
Interest income	246,900	41,752	176,105	464,757
Other	1,389,351	95,409	139,361	1,624,121
Total revenues	21,864,845	2,332,832	8,880,129	33,077,806
Expenditures				
Current:				
General government	3,406,565	-	_	3,406,565
Judicial	-	-	2,601,590	2,601,590
Public safety	10,796,004	-	3,889	10,799,893
Road maintenance and repair	-	1,072,495	823,728	1,896,223
Public works	760,891	-	40,090	800,981
Health and sanitation	-	-	2,772,595	2,772,595
Culture and recreation	578,873	-	-	578,873
Library	-	-	762,488	762,488
Community development	179,691	-	276,047	455,738
Nondepartmental costs	3,905,535	-	, <u>-</u>	3,905,535
Debt service:				
Principal	-	-	1,540,000	1,540,000
Interest and fiscal charges	-	-	937,498	937,498
Capital outlay and construction			1,663,268	1,663,268
Total expenditures	19,627,559	1,072,495	11,421,193	32,121,247
Revenues over (under) expenditures	2,237,286	1,260,337	(2,541,064)	956,559
Other financing sources (uses)				
Transfers in	_	_	2,459,079	2,459,079
Transfers out	(1,762,817)	(605,000)	(91,262)	(2,459,079)
Transfers out	(1,702,017)	(303,000)	(71,202)	(2, 137,017)
Total other financing sources (uses)	(1,762,817)	(605,000)	2,367,817	
Net change in fund balances	474,469	655,337	(173,247)	956,559
Fund balances, beginning of year	3,894,814	1,501,008	5,169,622	10,565,444
Fund balances, end of year	\$ 4,369,283	\$ 2,156,345	\$ 4,996,375	\$ 11,522,003

Reconciliation

Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds

\$ 956,559

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

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

Capital assets purchased / constructed

Capital assets purchased / constructed	2,281,194
Less capital assets purchased / constructed accounted for in internal service funds	(149,285)
Depreciation expense	(2,751,903)
Less depreciation expense accounted for in internal service funds	189,241

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 inflows for long-term special assessments receivable	(15,839)
Net change in deferred inflows for grants receivable	(6,695)

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

Principal payments on long-term debt 1,540,000

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	71,911
Amortization of deferred charge on refunding	(12,896)
Change in net pension liability and related deferred amounts	(2,021,858)
Change in net other postemployment benefit liability	(7,246,016)
Change in the accrual for compensated absences	(18,021)

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.

Operating loss from governmental activities in internal service funds	(26,436)
Interest income from internal service funds	5,342
Loss on disposal of capital assets from internal service funds	(11,561)

Change in net position of governmental activities \$ (7,216,263)

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund

For the Year Ended June 30, 2019

December		Original Budget		Final Budget		Actual	(Ur	tual Over nder) Final Budget
Revenues	Ļ	12 7EE 024	Ċ	12 014 214	٠	42 40E E2E	\$	274 244
Property taxes	\$	12,755,924	\$	12,914,314	\$	13,185,525	Þ	271,211
Licenses and permits		493,625		679,625		704,039		24,414
Intergovernmental: Federal grants		_		6,921		12,720		5,799
State grants		3,531,872		3,630,084		3,610,695		(19,389)
Charges for services		654,960		619,960		559,147		(60,813)
Fines and forfeitures		1,999,800		2,239,800		2,156,468		(83,332)
Interest income		40,029		252,956		246,900		(6,056)
Other		997,925		1,308,950		1,389,351		80,401
other		771,723		1,300,730		1,307,331		00,401
Total revenues		20,474,135		21,652,610		21,864,845		212,235
Expenditures								
General government:								
City council		58,403		58,403		54,325		(4,078)
City manager		371,837		365,837		340,519		(25,318)
Human resources		341,395		378,295		349,023		(29,272)
Information technology		247,172		247,172		231,241		(15,931)
City attorney		269,600		289,600		269,625		(19,975)
Prosecuting attorney		66,660		66,660		66,660		-
City clerk		331,330		349,430		334,605		(14,825)
Finance and administrative services		1,070,661		1,174,241		1,137,750		(36,491)
Public information		279,970		275,350		251,858		(23,492)
Technical and planning services		1,233,479		1,195,939		1,100,117		(95,822)
Less reimbursements from other funds for								
finance and administrative services		(703,300)		(727,000)		(729,158)		(2,158)
Total general government		3,567,207		3,673,927		3,406,565		(267,362)
Public safety:								
General		10,063,128		10,539,133		10,586,817		47,684
K9 unit		191,194		211,761		209,187		(2,574)
Total public safety		10,254,322		10,750,894		10,796,004		45,110
Public works:								
Building and maintenance		869,831		845,355		547,237		(298,118)
Administration		12,933		23,394		19,551		(3,843)
Shepherd Park		126,771		112,950		80,557		(32,393)
Other parks		153,923		144,910		113,546		(31,364)
Total public works		1,163,458		1,126,609		760,891		(365,718)

continued...

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget		Actual		ctual Over nder) Final Budget
Expenditures (concluded)						
Culture and recreation:						
Administration	\$ 379,317	\$	374,004	\$	339,352	\$ (34,652)
Athletics	33,371		28,371		16,935	(11,436)
Outdoor activities	95,433		93,228		48,252	(44,976)
Instructional activities	29,000		29,000		22,765	(6,235)
Special recreation activities	35,000		35,000		25,329	(9,671)
Swimming pool	110,024		113,024		94,052	(18,972)
Senior services	42,369		42,369		32,188	(10,181)
Total culture and recreation	724,514		714,996		578,873	(136,123)
Community development	 204,066		193,666		179,691	 (13,975)
Nondepartmental costs	2,790,756		3,096,839		3,905,535	 808,696
Total expenditures	 18,704,323		19,556,931		19,627,559	 70,628
Revenues over expenditures	 1,769,812		2,095,679		2,237,286	 141,607
Other financing sources (uses)						
Transfers in	959,027		-		-	-
Transfers out	 (2,120,645)		(2,095,679)		(1,762,817)	 (332,862)
Total other financing uses	 (1,161,618)		(2,095,679)		(1,762,817)	 332,862
Net change in fund balance	608,194		-		474,469	474,469
Fund balance, beginning of year	 3,894,814		3,894,814		3,894,814	
Fund balance, end of year	\$ 4,503,008	\$	3,894,814	\$	4,369,283	\$ 474,469

concluded.

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Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Major Streets Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget				ctual Over Inder) Final Budget
Revenues						
Property taxes	\$ 70,150	\$	65,856	\$	65,856	\$ -
Intergovernmental: Federal grants	_		46,040		46,040	_
State grants	1,751,736		2,076,178		2,083,775	7,597
Interest income	5,000		31,391		41,752	10,361
Other revenue	 55,000		95,500		95,409	(91)
Total revenues	1,881,886		2,314,965		2,332,832	17,867
Expenditures Current -						
Road maintenance and repair	1,636,471		2,977,550		1,072,495	(1,905,055)
Revenues over (under) expenditures	245,415		(662,585)		1,260,337	(1,922,922)
Other financing uses						
Transfers out	(605,000)		(287,000)		(605,000)	 318,000
Net change in fund balance	(359,585)		(949,585)		655,337	1,604,922
Fund balance, beginning of year	1,501,008		1,501,008		1,501,008	 -
Fund balance, end of year	\$ 1,141,423	\$	551,423	\$	2,156,345	\$ 1,604,922

Statement of Net Position Proprietary Funds

June 30, 2019

	Business-type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ 3,417,942	\$ 283,776
Receivables:		
Special assessments	1,600	-
Accounts	3,833,614	28,061
Due from other governments	63,094	-
Prepaid items	53	58,614
Total current assets	7,316,303	370,451
Noncurrent assets:		
Capital assets not being depreciated	2,369,111	-
Capital assets being depreciated, net	26,506,600	939,369
Total noncurrent assets	28,875,711	939,369
Total assets	36,192,014	1,309,820
Deferred outflows of resources		
Deferred pension amounts	13,604	-
Deferred other postemployment benefit amounts	4,752	
Total deferred outflows of resources	18,356	
Liabilities		
Current liabilities:		
Accounts payable	1,175,770	34,925
Accrued liabilities	50,106	2,105
Accrued interest payable	31,349	-
Current portion of long-term debt	1,703,931	-
Total current liabilities	2,961,156	37,030
Noncurrent liabilities:		
Accrued compensated absences, net of current portion	150,123	-
Claims and judgments, net of current portion	1,762,500	-
Bonds payable, net of current portion	4,186,457	-
Net pension liability	6,910,912	-
Net other postemployment benefit liability	5,855,772	
Total noncurrent liabilities	18,865,764	
Total liabilities	21,826,920	37,030
Net position		
Net investment in capital assets	23,682,823	939,369
Unrestricted (deficit)	(9,299,373)	333,421
Total net position	\$ 14,383,450	\$ 1,272,790

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

Proprietary Funds

For the Year Ended June 30, 2019

	isiness-type Activities	vernmental Activities
	er and Sewer erprise Fund	Internal rvice Funds
Operating revenues		
Charges for services	\$ 13,338,756	\$ 1,163,277
Fines and forfeitures	-	203,134
Other	 9,517	 77,561
Total operating revenues	 13,348,273	 1,443,972
Operating expenses		
Water	1,476,149	-
Sewage treatment	5,788,597	-
Transmission and distribution	1,643,312	-
Maintenance and operation	1,256,878	-
Customer accounting and collection	432,444	-
General and administration	727,864	-
Depreciation	813,849	189,241
Wages and benefits	-	506,547
Insurance	-	363,731
Gasoline	-	154,622
Professional services	-	105,117
Supplies	 -	 151,150
Total operating expenses	 12,139,093	 1,470,408
Operating income (loss)	 1,209,180	(26,436)
Nonoperating revenues (expenses)		
State revenue - SAW grant	408,736	-
Interest income	83,894	5,342
Loss on disposal of capital assets	-	(11,561)
Interest expense	 (143,159)	 -
Total nonoperating revenues (expenses)	349,471	(6,219)
Change in net position	1,558,651	(32,655)
Net position, beginning of year	12,824,799	1,305,445
Net position, end of year	\$ 14,383,450	\$ 1,272,790

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2019

		siness-type Activities		ernmental activities
		er and Sewer erprise Fund		nternal vice Funds
Cash flows from operating activities Receipts from customers	\$	13,089,222	\$	_
Receipts from interfund services	Ţ	-	Ţ	1,135,216
Other receipts		9,517		280,695
Payments to suppliers		(6,656,827)		(826,264)
Payments to employees		(3,298,567)		(518,190)
Net cash provided by operating activities		3,143,345		71,457
Cash flows from noncapital financing activities				
State grants		408,736		<u>-</u>
Cash flows from capital and related financing activities				
Purchases of capital assets		(1,418,242)		(149,285)
Principal paid on long-term debt Interest paid on long-term debt		(1,483,501) (149,097)		-
interest paid on long-term debt		(149,097)		
Net cash used in capital and related financing activities		(3,050,840)		(149,285)
Cash flows from investing activities				
Interest and dividends		83,894		5,342
Net change in cash and investments		585,135		(72,486)
Cash and investments, beginning of year		2,832,807		356,262
Cash and investments, end of year	\$	3,417,942	\$	283,776

continued...

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2019

		siness-type Activities		ernmental ctivities
	Wate	er and Sewer	lı	nternal
	Ente	erprise Fund	Serv	ice Funds
Reconciliation of operating income (loss) to net cash provided				
by operating activities:				
Operating income (loss)	\$	1,209,180	\$	(26,436)
Adjustments to reconcile operating income (loss) to net cash				
provided by operating activities:				
Depreciation expense		813,849		189,241
Change in assets and liabilities:				
Special assessments receivable		200		-
Accounts receivable		(314,235)		(28,061)
Due from other governments		64,501		-
Prepaid items		(46)		(58,277)
Deferred outflows of resources - pension amounts		113,754		-
Deferred outflows of resources - other postemployment benefit amount	!	51,523		-
Accounts payable		311,316		(5,383)
Accrued liabilities		9,940		373
Accrued compensated absences		16,571		-
Net pension liability		361,077		-
Net other postemployment benefit liability		505,715		
Net cash provided by operating activities	\$	3,143,345	\$	71,457

concluded.

Statement of Fiduciary Net Position

June 30, 2019

	Empl	on and Other oyee Benefit rust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$	3,834,574	\$ 998,737
Due from other governments		155,931	18,373
Investments, at fair value:			
Equity mutual funds		46,326,376	-
Fixed income mutual funds		17,365,879	-
Money market accounts		2,411,182	-
Total assets		70,093,942	\$ 1,017,110
Liabilities			
Accounts payable		684,497	\$
Undistributed receipts			 1,017,110
Total liabilities		684,497	\$ 1,017,110
No. by a service of			
Net position			
Restricted for pension and other	,	(0.400.445	
postemployment benefits	<u>\$</u>	69,409,445	

Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2019

	Emp	ion and Other loyee Benefit rust Funds
Additions		
Contributions:		
Employer	\$	9,092,514
Plan members		506,155
Total contributions		9,598,669
Investment income:		
Net change in fair value of investments		2,774,204
Interest		57,744
Dividends		1,958,387
Total investment income		4,790,335
Less: investment expense		(243,769)
Net investment income		4,546,566
Total additions		14,145,235
Deductions		
Benefits		10,266,930
Refunds and administration		39,401
Total deductions		10,306,331
Change in net position		3,838,904
Net position, beginning of year		65,570,541
Net position, end of year	\$	69,409,445

Combining Statement of Net Position

Discretely Presented Component Units June 30, 2019

	Deve	conomic elopment poration	Brownfield Redevelopment Authority		Imp	Corridor Provement uthority	Co	Total Imponent Units
Assets						-		
Cash and investments	\$	12,383	\$	501,075	\$	29,221	\$	542,679
Accounts receivable		-		-		17,704		17,704
Total assets		12,383		501,075		46,925		560,383
Liabilities								
Accounts payable				494,488		40,885		535,373
Net position								
Unrestricted	\$	12,383	\$	6,587	\$	6,040	\$	25,010

Combining Statement of Activities

Discretely Presented Component Units For the Year Ended June 30, 2019

	Ec	onomic	mic Brownfield		Corridor		Total	
	Deve	lopment	Redevelopment		Improvement		Component	
	Cor	poration	P	Authority	Authority			Units
Expenses								
Community development	\$	-	\$	509,487	\$	37,959	\$	547,446
General revenues								
Property taxes		-		509,488		32,076		541,564
Investment earnings		292		-		578		870
Other		-				1,325		1,325
Total general revenues		292		509,488		33,979		543,759
Changes in net position		292		1		(3,980)		(3,687)
Net position, beginning of year		12,091		6,586		10,020		28,697
Net position, end of year	\$	12,383	\$	6,587	\$	6,040	\$	25,010

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oak Park, Michigan (the "City") was incorporated October 30, 1945. The City operates under a Mayor/Council-Manager form of government and provides the following services as authorized by the charter: public safety (police and fire), building ordinance enforcement, highways and streets, sanitation, parks and recreation, public improvement, planning and zoning, library service, water, sewer, and refuse removal.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

As required by GAAP, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City's reporting entity because they are entities for which the City is considered to be financially accountable.

Blended Component Unit

The City's Municipal Building Authority (the "Authority") is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan and is presented as a blended component unit. The Authority is governed by a board that is appointed by City Council. The City also has accountability for fiscal matters of the 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 purpose is for acquiring and owning facilities for the use of the City.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the City's other component units. They are reported in separate columns to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organizations.

Economic Development Corporation (the "EDC"). The EDC is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan for the purpose of promoting development in the City. The EDC is governed by a Board that is appointed by City Council. The City has the ability to significantly influence the daily operations of the EDC.

Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority was established to promote the redevelopment of, and private investment in, environmentally distressed properties within the City. The Brownfield Redevelopment Authority is governed by a Board that is appointed by City Council. The City also has accountability for fiscal matters of the Brownfield Redevelopment Authority.

Notes to Financial Statements

Corridor Improvement Authority. The Corridor Improvement Authority was established to maintain and upgrade the economic viability in the business districts of the City. The designated corridors, include portions of Nine Mile Road, Eleven Mile Road, and all of Coolidge. The Corridor Improvement Authority is governed by a Board that is appointed by City Council. The City also has accountability for fiscal matters of the Corridor Improvement Authority.

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. For the most part, the effect of interfund activity has been removed from these statements. 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 component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the respective 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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. 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, claims and judgments, are recorded only when payment is due.

Notes to Financial Statements

Property taxes, franchise fees, intergovernmental revenue, 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 City reports the following major governmental funds:

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

The *major streets special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted for major streets.

The City reports the following major enterprise fund -

The water and sewer fund accounts for the operation of the City's water and sewer systems. The fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing water and sewer services to the general public are recovered through user charges.

In addition the City reports the following governmental 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.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 (other than those financed by proprietary funds and trust funds).

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has three internal service funds: 1) the risk management fund is used to accumulate resources from other funds that utilize labor to pay workers compensation premiums to the Michigan Municipal League's workers compensation pool, to pay self-insured health care benefits, and for the City's property and liability insurance; 2) the motor pool fund is used for the purchase and maintenance of the City's fleet through rental charges for equipment to other funds; and 3) the District Court retiree's health care fund is used for the accumulation of assets to fund retiree's health care for District Court employees.

Notes to Financial Statements

Pension and other employee benefits trust funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The City has two pension trust funds (general and public safety) and a retirees' health care fund, which account for assets, liabilities, revenues, and expenses in essentially the same manner as proprietary funds.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has a payroll agency fund used to account for payment of employee payrolls. It also uses an escrow agency fund used to hold assets belonging to other persons or entities such as bond deposits.

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 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 water and sewer enterprise fund and of the government's internal service funds are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund 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.

Restricted net position includes assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. 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.

Notes to Financial Statements

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

Deposits and Investments

The City's 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. All investments are recorded at fair value.

The City participates in the Oakland County Investment Pool (the "Pool") which is managed by the Oakland County Treasurer. In accordance with GASB 79, the Pool shares are recorded at amortized cost, which approximates fair value. The Pool is not subject to regulatory oversight, is not registered with the SEC (Securities Exchange Commission) and does not issue separate financial statements. The value of the City's position in the Pool is the same as the value of the Pool shares and includes accrued interest.

Interfund Receivables and Payables

In addition to transactions related to pooled cash, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are included in the "due from other funds" or "due to other funds" accounts on the balance sheet.

Prepaid Items

Prepaid items represent payments made to vendors for goods and services applicable to future fiscal years. Prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased. Prepaid items are offset by nonspendable fund balance in governmental funds.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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.

Depreciation of all exhaustible capital assets used by proprietary fund types is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund type statements of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

Notes to Financial Statements

The estimated useful lives are as follows:

	Years
Governmental activities:	
Infrastructure - roads	20-45
Infrastructure - sidewalks	20
Buildings	10-50
Improvements	10-50
Library collection	10
Vehicles and equipment	3-25
Other equipment	5-25
Business-type activities:	
Buildings	30
Garage	50
Vehicles and equipment	3-10
Water systems	5-100
Water - hydrants	20-80
Water - tanks	10-30
Water - pump station	10
Water - master meter	80
Water - reservoir	10-80
Water - reservoir pump	10-30
Sewer system	5-80

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding 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. The City also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit liability.

Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the statement of net position. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, 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.

Notes to Financial Statements

Special Assessments

Special assessments, if any, are recorded as revenues when due, not when levied. Estimated annual installments not yet available are reflected as deferred inflows of resources in the governmental fund financial statements and as revenues in the government-wide financial statements. Special assessments are billed annually on June 1 and are due and payable August 1.

Compensated Absences

The City accrues vacation pay, sick pay (at 50 percent of unused sick days), compensatory time off, and any salary-related payments for these compensated absences. The current obligations of all funds and the long-term obligations of proprietary funds are recorded in the respective funds. City employees are granted vacation time based on length of service. Most employees have the option of receiving compensatory time off in lieu of pay for overtime worked up to 40 hours. Sick pay is earned at the rate of one day per month, and unused sick days may be accumulated up to 150 days. Employees will be paid for 50 percent of total accumulation upon retirement.

Unused sick and vacation that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The compensated absence liability is liquidated from the general and water and sewer funds. Unused sick and vacation is accrued when incurred in proprietary funds and reported as a liability. For governmental funds, the current portion of the liability for compensated absences reflects only the unpaid balance of reimbursable unused leave for employees that terminated by the fiscal year end. In accordance with GAAP, for the governmental funds, in the fund financial statements, the noncurrent portion of the compensated absences are considered long-term and, therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations. In addition to the proprietary funds, the general fund, the major streets special revenue fund, and several nonmajor special revenue funds have been used to liquidate the liability for compensated absences.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows of resources related to pension and other postemployment benefit liabilities.

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and net other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plans and additions to/deductions from the plan 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.

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, City Council. A formal resolution of City Council is required to establish, modify, or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The authority to assign fund balance has been granted to the City Manager by City Council. *Unassigned fund balance* is the residual classification for the general fund and deficits from other governmental funds.

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.

Statements of Cash Flows

The City presents statements of cash flows for all proprietary fund types. These statements, which have been prepared utilizing the direct method, analyze the net increase or decrease in cash and cash equivalents by source. For purposes of the statements of cash flows, the City considers all highly liquid investments purchased with an original maturity of three months or less and the deposits in the investment funds to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Notes to Financial Statements

2. COMPLIANCE INFORMATION

Budgetary Data

Budgets are adopted on the modified accrual basis consistent with GAAP. Annual appropriated budgets are adopted for the general and special revenue funds. Annual budgets lapse at year-end.

The level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department (activity) level for general government within the general fund, the functional level for all others expenditures in the general fund, and the activity level for special revenue funds.

The governing body must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. Department directors or the City Manager can transfer appropriations between line items within a department or activity without governing body approval. Supplemental appropriations were necessary during the year.

The City's appropriation resolution is generally passed during the month of May preceding the fiscal year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The City Manager has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies, is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget. These material encumbrances outstanding at year-end, if any, are reported as assignments of fund balance since they do not constitute expenditures or liabilities.

3. EXCESS OF EXPENDITURES OVER BUDGET AND FUND BALANCE DEFICITS

P.A. 621 of 1978 of the State of Michigan, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body. Budgets are required by State law for general and special revenue funds.

In the body of the financial statements, the City's actual and budgeted expenditures for the budgetary funds have been shown on an activity level for the general fund and on a functional basis for all other funds, with the approved budgets of the City of those budgetary funds being adopted at the activity or department level.

Notes to Financial Statements

During the year ended June 30, 2019, the City incurred expenditures in certain budgetary funds, which were in excess of amounts appropriated, as follows:

	Final Budget	Actual	tual Over Budget
General Fund			
Public safety -			
General	\$ 10,539,133	\$ 10,586,817	\$ 47,684
Nondepartmental costs	3,096,839	3,905,535	808,696
Major Streets Fund			
Transfers out	287,000	605,000	318,000
Nonmajor governmental funds			
Community Development Block Grant Fund			
Community development	194,000	194,100	100
Mental Health Court Grant Fund			
Judicial	100,000	106,916	6,916
45th District Court Fund			
Transfers out	-	11,916	11,916

At year end, the City reported unrestricted fund balance deficits in certain nonmajor special revenue funds, as noted below. The governmental fund deficits resulted from unavailable grant revenues.

Nonmajor governmental funds:

Community Development Block Grant Fund	\$ (3,689)
Veterans Treatment Court Grant Fund	(2,184)
Mental Health Court Grant Fund	(50.288)

4. BUILDING PERMITS AND RELATED COSTS

The City has the following revenues and costs related to building permits:

Shortfall at July 1, 2018 Current year building permit revenue Related costs	\$ (349,023) 357,989 (314,252)
Cumulative shortfall at June 30, 2019	\$ (305,286)

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2019:

	G	Primary Government		Component Units		Totals
Statement of net position Cash and investments	\$	15,094,738	\$	542,679	\$	15,637,417
Statement of fiduciary net position Pension and other employee benefit trust funds:						
Cash and cash equivalents		3,834,574		-		3,834,574
Investments		66,103,437		-		66,103,437
Agency funds -						
Cash and cash equivalents		998,737		-		998,737
Total	\$	86,031,486	\$	542,679	\$	86,574,165
Deposits and investments Bank deposits -						
Checking, savings accounts, and certificates of de	posit				\$	5,170,514
Treasurer's investments						15,295,031
Pension and other employee benefit trust funds investments						66,103,437
Cash on hand						5,183
Total					\$	86,574,165

Deposits

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 year-end, \$3,440,625 of the City's bank balance of \$4,989,430 (book balance of \$5,170,514) was exposed to custodial credit risk because it was uninsured and uncollateralized.

The City's depository policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Custodial Credit Risk - Investments. Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments are held in the name of the City by a counterparty, and thus are not exposed to custodial credit risk. The City's investments are limited to bonds, commercial paper, and money market accounts.

Notes to Financial Statements

Following is a summary of the City's investments as of June 30, 2019:

U.S. agencies	\$ 1,636,088
Municipal bonds	4,441,141
Commercial paper	1,299,069
Money market accounts	3,896
Oakland County Investment Pool	7,914,837
Total	\$ 15,295,031

Credit Risk. State law limits investments to specific governmental 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 money market accounts, and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies.

The City's investments were rated by Standard & Poor's ("S&P") and Moody's as follows:

Rat	ting	
Moody's	S&P	Amount
AAA AA1	AA+ N/A	\$ 1,636,088 1,845,697
A-2 N/A Not rated	P-2 AA Not rated	1,299,069 2,595,444 7,918,733
		\$ 15,295,031

Concentration of Credit Risk. At June 30, 2019, the concentrations in securities of any one issuer greater than 5 percent of investment fair market value were as follows:

Investment Type	Issuer	% of Portfolio
Municipal bonds	Reeths-Puffer Schools	5.22%
Municipal bonds	Williamston Community Schools	6.56%
Municipal bonds	Ypsilanti School District	6.19%
Commercial paper	Enel Finance America, LLC	6.53%
Oakland County Investment Pool	Oakland County	51.75%

The City's investment policy does not address concentration of credit risk.

Notes to Financial Statements

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The maturity dates for the investments are as follows:

		Investment (fair value	
	Fair Value	Less Than 1	1-5
U.S. agencies Municipal bonds Commercial paper	\$ 1,636,088 4,441,141 1,299,069	\$ 2,221,928 1,299,069	\$ 1,636,088 2,219,213
	\$ 7,376,298	\$ 3,520,997	\$ 3,855,301

The City's investment policy does not address interest rate risk. The City's investments in U.S. agencies are non-callable. Amounts in the Oakland County Investment Pool are accessible to the City on demand; accordingly, the investment is not deemed to have a maturity date.

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 City's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment managers will request the information from the fund managers, if necessary.

The City had the following recurring fair value measurements as of June 30, 2019:

	Lev	el 1	Level 2	Lev	vel 3	Total
U.S. agencies Municipal bonds Commercial paper Money market accounts	\$	- - -	\$ 1,636,088 4,441,141 1,299,069 3,896	\$	- - -	\$ 1,636,088 4,441,141 1,299,069 3,896
	\$	-	\$ 7,380,194	\$	-	\$ 7,380,194
Investments measured at NAV Oakland County Investment Poo	ol					7,914,837
Total investments						\$ 15,295,031

Notes to Financial Statements

Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

Pension and Other Employee Benefits Trust Fund Investments

Following is a summary of the pension and other employee benefits trust funds investments at fair value as of June 30, 2019:

Investment Type	Amount
Equity mutual funds Fixed income mutual funds Money market accounts	\$ 46,326,376 17,365,879 2,411,182
Total investments	\$ 66,103,437

Custodial Credit Risk - Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the trust funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although its investment policy does not specifically address custodial credit risk (and its investments are uninsured and unregistered), the trust funds' investments are not exposed to custodial credit risk since the securities are held by the counterparty or its agent in the trust funds' name.

Concentration of Credit Risk. The pension and other employee benefits trust funds investment policy does not address concentration of credit risk. At June 30, 2019, there were no concentrations in securities of any one issuer greater than 5 percent of investment fair market value.

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. The State of Michigan law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies.

The pension and other employee benefits trust funds investment policy does not address credit or interest rate risk.

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return on pension and other postemployment benefits investments, net of investment expense, was as follows:

•	Employees' Retirement System	7.23%
•	Public Safety Employees' Retirement System	7.41%
•	General Retiree Healthcare Plan:	3.04%
•	Public Safety Retiree Healthcare Plan:	3.58%

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Notes to Financial Statements

Fair Value Measurements. The pension and other employee benefits trust funds categorize their fair value measurements 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 City's investment managers, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment managers will request the information from the fund managers, if necessary.

The pension and other employee benefits trust funds had the following recurring fair value measurements as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equity mutual funds Fixed income mutual funds Money market accounts	\$ 46,326,376 17,365,879 1,468,686	\$ - 942,496	\$ - -	\$ 46,326,376 17,365,879 2,411,182
Total investments	\$ 65,160,941	\$ 942,496	\$ -	\$ 66,103,437

Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

6. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities		Business-type Activities	
Accounts receivable Special assessments receivable Taxes receivable	\$ 830,558 422,080 2,970	\$	3,833,614 1,600	
Due from other governments	 1,182,724		63,094	
	\$ 2,438,332	\$	3,898,308	

Special assessments are the only receivables not expected to be collected within one year.

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	vernmental Activities	Business-type Activities		
Accounts payable Accrued liabilities Accrued interest payable	\$ 1,589,989 709,074 199,767	\$	1,175,770 50,106 31,349	
	\$ 2,498,830	\$	1,257,225	

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund balances are comprised of the following at year-end:

	e from r Funds	Due to Other Funds		
General fund Nonmajor governmental funds	\$ 86,175 -	\$	- 86,175	
	\$ 86,175	\$	86,175	

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

For the current fiscal year, interfund transfers consisted of the following:

	Т	ransfers in
Transfers Out		Nonmajor overnmental Funds
General fund Major streets special revenue func Nonmajor governmental	\$ I	1,762,817 605,000
funds		91,262
	\$	2,459,079

Notes to Financial Statements

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

9. CAPITAL ASSETS

Capital asset activity for the year of the City's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being dep	reciated:				
Land	\$ 1,642,187	\$ 10,922	\$ -	\$ -	\$ 1,653,109
Rights-of-way	600,818	-	-	-	600,818
Work in progress		1,417,144		-	1,417,144
	2,243,005	1,428,066		-	3,671,071
Capital assets being deprecia	ated:				
Infrastructure - roads	105,779,201	204,671	-	-	105,983,872
Infrastructure - sidewalks	5,726,137	423,747	_	-	6,149,884
Buildings	19,634,675	-	-	-	19,634,675
Improvements	4,014,312	-	_	-	4,014,312
Library collection	622,934	45,366	(4,537)	-	663,763
Vehicles and equipment	4,456,868	149,285	(158,535)	-	4,447,618
Other equipment	1,876,111	30,059	-	-	1,906,170
	142,110,238	853,128	(163,072)	-	142,800,294
Less accumulated depreciati	ion for:				
Infrastructure - roads	(86,506,548)	(1,599,794)	_	_	(88,106,342)
Infrastructure - sidewalks	(3,697,297)	(217,548)	_	_	(3,914,845)
Buildings	(4,507,762)	(410,805)	_	_	(4,918,567)
Improvements	(1,986,206)	(171,340)	-	-	(2,157,546)
Library collection	(419,729)	(46,272)	4,537	-	(461,464)
Vehicles and equipment	(3,465,982)	(189,241)	146,974	-	(3,508,249)
Other equipment	(1,597,302)	(116,903)	, -	-	(1,714,205)
	(102,180,826)	(2,751,903)	151,511	-	(104,781,218)
Total capital assets					
being depreciated, net	39,929,412	(1,898,775)	(11,561)		38,019,076
Governmental activities					
capital assets, net	\$ 42,172,417	\$ (470,709)	\$ (11,561)	\$ -	\$ 41,690,147

Notes to Financial Statements

Capital asset activity for the year of the City's business-type activities was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities	20101100	71001110110	21000000	11 41101010	Duranies
Capital assets not being dep	reciated:				
Land	\$ 11,502	\$ -	\$ -	\$ -	\$ 11,502
Work in progress	1,588,382	876,873	-	(107,646)	2,357,609
	1,599,884	876,873	-	(107,646)	2,369,111
Capital assets being depreci	ated:				
Buildings	86,500	-	-	-	86,500
Garage	24,564	-	-	-	24,564
Vehicles and equipment	1,216,246	27,142	-	-	1,243,388
Water system	14,218,170	251,525	-	-	14,469,695
Water - hydrants	605,836	-	-	-	605,836
Water - tanks	419,333	-	-	-	419,333
Water - pump station	1,074,290	-	-	-	1,074,290
Water - master meter	27,514	-	-	-	27,514
Water - reservoir	852,719	-	-	-	852,719
Water - reservoir pump	677,557	-	-	-	677,557
Sewer system	20,509,589	262,702		107,646	20,879,937
	39,712,318	541,369	-	107,646	40,361,333
Less accumulated depreciat	ion for:				
Buildings	(85,200)	(866)	_	_	(86,066)
Garage	(24,564)	(800)	-	-	(24,564)
Vehicles and equipment	(1,119,950)	(61,668)	-	-	(1,181,618)
Water system	(4,809,879)	(163,012)	-	-	(4,972,891)
Water - hydrants	(4,809,879)	(6,531)	-	-	(4,972,891)
Water - Hydranis Water - tanks	(192,083)	(25,250)	-	-	(217,333)
Water - tanks Water - pump station	(950,497)	(14,329)	-	-	(964,826)
Water - pump station Water - master meter	(22,699)	(344)	-	_	(23,043)
Water - master meter Water - reservoir	(557,908)	(4,400)	_	_	(562,308)
Water - reservoir pump	(358,880)	(17,851)	_	_	(376,731)
Sewer system	(4,472,051)	(519,598)	_	_	(4,991,649)
sewer system	(13,040,884)	(813,849)			(13,854,733)
Total capital assets	(13,040,004)	(013,049)		·	(13,634,733)
being depreciated, net	26,671,434	(272,480)	_	107,646	26,506,600
being depreciated, liet	20,0/1,434	(272,400)		107,040	20,300,000
Business-type activities					
capital assets, net	\$ 28,271,318	\$ 604,393	\$ -	\$ -	\$ 28,875,711

Notes to Financial Statements

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 699,048
Road maintenance and repair	1,817,342
Library	46,272
Internal service funds	 189,241
Total governmental activities	\$ 2,751,903

10. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

		Beginning Balance	,	Additions	Deductions		Ending Deductions Balance		Due Wi One Yo	
Governmental activities										
General obligation bonds 2012 Refunding Street Improvement, installments of \$520,000 to \$660,000 throug May 1, 2028, interest at 2.0 to 3.0%		6,340,000	\$	-	\$	(615,000)	\$	5,725,000	\$	610,000
2015 Refunding Bond, installments of \$415,000 to \$755,000 through May 1, 2030, interest at 4.0%		6,980,000		-		(445,000)		6,535,000		465,000
2010 Municipal Complex, installments of \$50,000 to \$925,000 through May 1, 2036, interest at 2.5 to 7.0%		11,175,000		<u>-</u>		(400,000)		10,775,000		425,000
Total governmental activitie bonds	s	24,495,000		-		(1,460,000)		23,035,000		1,500,000
Unamortized premium: 2012 G.O. bonds 2015 G.O. bonds		100,363 690,630		-		(10,036) (53,126)		90,327 637,504		10,036 53,126
Capital lease		2,070,000		-		(80,000)		1,990,000		80,000
Compensated absences		1,933,520		853,680		(835,659)		1,951,541		836,000
Total governmental activities	\$	29,289,513	\$	853,680	\$	(2,438,821)	\$	27,704,372	\$	2,479,162

Notes to Financial Statements

	E	Beginning Balance	,	Additions	Deductions		Ending Balance		Due Withir One Year	
Business-type activities										
Water revenue bonds George W. Kuhn Drain installments of \$65,707 to \$1,054,343 through April 1, 2029, interest at 1.625 to										
2.5%	\$	6,176,389	\$	-	\$	(983,501)	\$	5,192,888	\$	1,006,431
Claims and judgments		2,850,000		-		(500,000)		2,350,000		587,500
Compensated absences		243,552		126,255		(109,684)		260,123		110,000
Total business-type activities	\$	9,269,941	\$	126,255	\$	(1,593,185)	\$	7,803,011	\$	1,703,931

Annual debt service requirements to maturity for long-term debt are as follows:

	Governmental Activities			Business-type Activities				
Year Ended June 30,		Principal		Interest	Principal			Interest
2020 2021 2022 2023 2024 2025-2029 2030-2034 2035-2036	\$	1,580,000 1,620,000 1,675,000 1,725,000 1,780,000 9,250,000 5,155,000 2,240,000	\$	870,365 825,293 775,642 724,216 669,123 2,413,106 992,529 135,286	\$	1,006,431 1,029,370 1,054,343 853,582 857,092 392,070	\$	125,394 101,145 76,339 50,927 30,190 26,714
	\$	25,025,000	\$	7,405,560	\$	5,192,888	\$	410,709

All general obligation bonded debt is supported by the City's full faith and credit. Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

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, a State of Michigan revolving loan fund, federal and state grants, and contributions from Oakland County. The City along with 13 other local communities are obligated for payment of principal and interest of the outstanding debt. It is currently anticipated that the City's total obligation at the end of construction will be approximately \$15.6 million with an interest rate ranging from 1.625% to 2.5%. As of June 30, 2019, the City's outstanding obligation is approximately \$5.2 million and incurred interest expense of \$143,159 for the year then ended. Due to the current construction of the project, the sale of drain bonds and draws from the revolving fund are being incurred on as an as needed basis and thus an accurate schedule of principal and interest payments cannot be determined at this time.

Notes to Financial Statements

Several years ago, a class action lawsuit was filed against the City related to its water and sewer rates. In October 2018, a settlement was reached whereby the City will pay \$2,850,000 to resolve the claims of the class. Within one week of the settlement date, a payment of \$500,000 was made. Subsequently, a payment of \$587,500 is to be made each year for the next four years. Annual payment requirements are as follows:

Year Ended June 30,	Amount					
2020 2021 2022 2023	\$	587,500 587,500 587,500 587,500				
	\$	2,350,000				

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance coverage through public entity risk pools or commercial carriers. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

12. PROPERTY TAXES

Property taxes are levied based on taxable values of property located in the City. Taxable values are established annually. The taxable property values for the 2018 tax levy are as follows:

Real property	\$ 444,798,410
Personal property	43,550,990
Total	\$ 488,349,400

For the current fiscal year, the City levied 19.4049 mills for general governmental services, 1.4457 mills for library services, 7.0000 mills for public safety pension (Public Act 345), 2.8628 mills for solid waste, and 4.8700 mills for long-term debt retirement.

13. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2019 as a result of industrial facilities tax exemptions (IFT's) agreements.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50 percent of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$86,100 in reduced City tax revenues for fiscal year 2019.

Notes to Financial Statements

14. DEFINED BENEFIT PENSION PLANS

Plans Administration. The City has two defined benefit pension plans, the Employees' Retirement System ("ERS", which covers general employees) and the Public Safety Employees' Retirement System ("PS", which covers police and fire employees). Originally, the City had a single pension plan that covered both employee groups, but effective with the June 30, 2013 actuarial valuation the original plan was split into these two plans.

The original plan was established by Chapter 15 of the City Charter as a single-employer defined benefit pension plan covering all employees of the City hired before August 1, 2004. General employees hired after August 1, 2004 and employees belonging to the AFSCME union hired after July 1, 2006 are part of the defined contribution pension plan described below. The separate plans were established by City Council under the authority of Chapter 15 of the City Charter.

The City is the administrator of both the original defined benefit plan and now the two separate plans. Administrative costs of the plans are financed through investment earnings. The plans are included as pension trust funds in the City's financial statements; stand-alone financial reports of the plans have not been issued.

The financial statements of the plans are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. The City's contributions 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 plans.

Plan investments are stated at fair value which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the System's governing body, with the assistance of a valuation service; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

Management of the ERS is vested in the City Employees' Retirement System Board of Trustees, which consists of five members, one is the City Manager of the City, one is a citizen member of the City, two members are elected by the active participants of the Plan, and one is appointed by City Council.

Management of the PS is vested in the City of Public Safety Retirement System Board of Trustees, which consists of five members, one is the City Manager of the City, one is an active member from the Command Officers Union group, one is an active member of the Public Safety Officers Union group, and two are appointed by City Council.

Notes to Financial Statements

Plans Membership. Membership of the plans consisted of the following at June 30, 2018, the date of the latest actuarial valuation for each plan:

	General	Public Safety
Retirees and beneficiaries currently receiving benefits Inactive employees entitled to benefits Active employees	151 24 23	98 12 50
Total	198	160

Benefits Provided. Employees retiring with 10 or more years of service are entitled to annual pension benefits. ERS employees may retire at age 55, with retirement mandatory at age 70 without the employer's consent to continue. ERS non-union employees may retire after 25 years of service, regardless of age. PS employees may retire at age 50, with retirement mandatory at age 60 without the employer's consent to continue. PS employees may retire after 25 years of service, regardless of age.

Vested employees receive a retirement benefit based on a formula established by a negotiated union contract or City Ordinance. The benefit of ERS employees is generally based on a multiplier of 2.5 times the five-year final average compensation. The benefit of PS employees is generally based on a multiplier 2.8 times the three-year final average compensation. Employees can also receive a benefit based on a disability that occurred on the job (duty disability), a disability that occurred outside employment (non-duty disability), or death (paid to surviving spouse or dependent). Benefits can be amended by City Ordinance (voted on by a majority of City Council) or a negotiated contract with union groups.

Employee Contributions. Eligible ERS employees are required to contribute 3.25 percent of compensation to the plan. Eligible PS employees are required to contribute 9.50 percent of their annual compensation to the plan.

Employer Contributions. The City is required to contribute at annual actuarially determined rate to provide assets sufficient to pay benefits to plan members. The rate paid in fiscal year 2019 by the City is 117.67 percent of annual covered payroll for ERS members and 71.54 percent of annual covered payroll for PS members.

Employer and employee contributions are established, and may be amended, by City Charter and Council approved union contracts.

Net Pension Liability. The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 (rolled forward to June 30, 2019).

Notes to Financial Statements

Actuarial Assumptions. The total pension liability was determined by respective actuarial valuations as of June 30, 2018 (and rolled forward to June 30, 2019), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.5 percent Salary increases Varies

Investment rate of return 7.0 percent, net of pension plan

investment expense, including inflation

Mortality rate RP-2000 Combined Mortality Table, projected to 2020 using

Mortality Improvement Scale BB

Changes in assumptions The mortality tables changed to the new government tables

provided by the State.

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of an actuarial experience study for the period April 2013 through March 2014.

The long-term expected rate of return on pension plan investments (for both ERS and PS) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 pension plan's target asset allocation as of June 30, 2019 (see the discussion below of the investment allocation policy) are summarized in the following table:

	Target	Long-term Expected Real
Asset Class	Allocation	Rate of Return
Domestic equities:		
Large cap	26%	7.38%
Mid cap	11%	8.25%
Small cap	7 %	8.35%
International equities:		
Developed	15%	8.38%
Small cap	3%	8.55%
Emerging markets	3%	10.15%
Fixed income:		
Core	23%	4.10%
Leveraged loans	3%	5.53%
Real estate	4%	9.49%
Cash	2%	3.87%
Infrastructure	3%	7.00%
	100%	•

Notes to Financial Statements

Investment Allocation Policy. The plans' policy in regard to the allocation of invested assets is established and may be amended by the respective Board of Trustees. The policy pursues an investment strategy that protects the financial health of the plans and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the plans may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the plans will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

Discount Rate. A single discount rate of 7.0 percent for ERS and PS was used to measure the respective total pension liabilities. The discount rate is equal to the long-term expected rate of return. The projection of cash flows used to determine the respective single discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the ERS and PS's fiduciary net position was projected, using the long-term expected rate of return, to be sufficient to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension		Plan Fiduciary		N	let Pension
		Liability	N	et Position	Liability	
		(a)		(b)		(a) - (b)
Employees' Retirement System						
Balances at June 30, 2018	\$	39,523,905	\$	19,370,566	\$	20,153,339
Changes for the year:						
Service cost		233,255		-		233,255
Interest		2,672,022		-		2,672,022
Differences between expected and						
actual experience		616,284		-		616,284
Changes in assumptions		827,930		-		827,930
Employer contributions		-		1,850,000		(1,850,000)
Employee contributions		-		52,428		(52,428)
Net investment income		-		1,336,058		(1,336,058)
Benefit payments, including refunds of						
employee contributions		(3,170,823)		(3,170,823)		-
Net changes		1,178,668		67,663		1,111,005
Balances at June 30, 2019	\$	40,702,573	\$	19,438,229	\$	21,264,344

Notes to Financial Statements

	To	otal Pension Liability (a)	et Position (b)	N	et Pension Liability (a) - (b)
Public Safety Employees' Retirement System					
Balances at June 30, 2018	\$	76,254,722	\$ 42,404,519	\$	33,850,203
Changes for the year:					
Service cost		998,688	-		998,688
Interest		5,251,142	-		5,251,142
Differences between expected and					
actual experience		(1,200,198)	-		(1,200,198)
Changes in assumptions		1,242,814	-		1,242,814
Employer contributions		-	3,381,218		(3,381,218)
Employee contributions		-	453,727		(453,727)
Net investment income		-	3,062,888		(3,062,888)
Benefit payments, including refunds of					
employee contributions		(4,474,212)	(4,474,212)		-
Net changes		1,818,234	2,423,621		(605,387)
Balances at June 30, 2019	\$	78,072,956	\$ 44,828,140	\$	33,244,816

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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
General Public safety	\$ 25,170,925 42,192,607	\$ 21,264,344 33,244,816	\$ 17,923,385 25,759,633
Total	\$ 67,363,532	\$ 54,509,160	\$ 43,683,018

Notes to Financial Statements

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended June 30, 2019, the City recognized pension expense of \$3,311,018 and \$4,411,690, for the ERS and PS systems, respectively. At June 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	0	Deferred utflows of Resources	Deferred Inflows of Resources	(et Deferred Outflows Inflows) of Resources
Employees' Retirement System					
Net difference between projected and actual earnings on pension plan investments	\$	41,859	\$ 	\$	41,859
Public Safety Employees' Retirement System					
Difference between expected and actual					
experience		165,669	821,025		(655,356)
Changes in assumptions		2,269,781	216,940		2,052,841
Net difference between projected and actual					
earnings on pension plan investments		128,795	-		128,795
		2,564,245	1,037,965		1,526,280
Total	\$	2,606,104	\$ 1,037,965	\$	1,568,139

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense through annual amortization as follows:

Year Ended June 30,	Employees' Retirement System		Ε	ublic Safety mployees' etirement System
2020 2021 2022 2023	\$	175,391 (129,177) 549 (4,904)	\$	1,566,039 (11,811) (4,558) (23,390)
	\$	41,859	\$	1,526,280

The net pension liability is generally liquidated by the general fund.

Notes to Financial Statements

15. 45th DISTRICT COURT PENSION PLANS

The 45th District Court's defined contribution plan, 457 plan, and health savings plan are held in trust. The District Court contributes 7.5 percent of compensation for full-time and part-time employees, the 457 plan is voluntary with employees making up to 3 percent contribution and the employer matching up to 3 percent (full-time employees only), and the health savings plan is for full-time employees hired after July 2009, where the employer contributes 3 percent of compensation and employees are allowed to contribute payments (post-tax) to this plan with no matching. The third party administrator for this plan is the Michigan Employees Retirement System ("MERS"). The plans cost to the 45th District Court for the fiscal year ended June 30, 2019 was \$102,485. There was no defined contribution pension cost to the employees. Contributions to the plan are recognized when due and payable. Plan provisions and contribution rates are established and may be amended by resolution of City Council. Unvested benefits forfeited by employees who leave employment early are redistributed to active participants.

16. DEFINED CONTRIBUTION PENSION PLAN

The City defined contribution pension plan provides retirement benefits to general employees hired after August 1, 2004 and employees belonging to the TPOAM union hired after July 1, 2006. The City contributes 7.5 percent of covered payroll and will match an employee's voluntary contribution up to 3 percent of covered payroll. Plan provisions and contribution requirements are established by City Council. Total contributions for the year ended June 30, 2019 were \$77,212 by employees and \$275,449 by the City. The City contributes 3 percent of covered payroll to a health savings plan for general employees hired after August 1, 2004 and employees belonging to the TPOAM union hired after July 1, 2006. There are 55 plan members at June 30, 2019. The City contributes 1 percent of covered payroll to a health savings plan for POAM, POLC, and Dispatchers hired after March 1, 2013. There are 17 plan members at June 30, 2019.

17. POSTEMPLOYMENT HEALTH BENEFITS

Plan Administration. The City provides a single-employer defined benefit postemployment group hospitalization plan for its general employees and group hospitalization, dental, and optical plans for its public safety employees hired before August 1, 2004. Group hospitalization, dental, and optical plans are provided for district court employees. The City contributes 3 percent of covered payroll to a health savings plan for general employees hired after August 1, 2004 and employees belonging to the TPOAM union hired after July 1, 2006. These plans were established through the employees' union contracts; employees not covered by union contracts receive the same benefits that general employees receive.

The general employees' postemployment benefits and the public safety employees' coverage pass to the surviving spouse upon death of the retiree.

Notes to Financial Statements

The City pays 100 percent of the benefits for all public safety, court, and general current retirees. Copays, at the percentage indicated below, are required for retirees who were hired after January 18, 1993 for public safety officers and July 1, 1992 for public safety command officers.

Years of	Employer	Retiree
Service	Pays	Pays
0-9	0%	100%
10-14	55%	45%
15-19	75 %	25%
20-24	85%	15%
25 and up	100%	0%

Expenditures for the premiums are paid and recognized as they become due. There is the added stipulation in the union contracts that once retirees and dependents reach age 65, they shall be converted to Medicare coverage.

The City has created a retiree's health care fund, an other employee benefit trust, in anticipation of prefunding retiree's health care for general and public safety employees. The funds set aside are held in a fund authorized by Public Act 149 of the State of Michigan.

Plans Membership. Membership of the plans consisted of the following at June 30, 2018, the date of the latest actuarial valuation for each plan:

	General	Public Safety	Court
Inactive plan members receiving or entitled to			
future benefits	151	94	22
Covered spouse/dependents	78	87	14
Active plan members	22	38	8
		_	
Total	251	219	44

Benefits Provided. The City provides medical, pharmacy, dental, and vision for eligible retirees hired prior to July 1, 2010 and their dependents. Pre-Medicare benefits are provided through self-insured plans administered by Blue Cross Blue Shield of Michigan. Medicare Supplemental benefits are provided through fully-insured arrangements administered by Blue Cross Blue Shield of Michigan Medicare Advantage plan. City Council has the authority to establish or amend benefit terms, to determine the types of benefits provided through the OPEB Plan, and to determine the classes of plan members covered.

Contributions. The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are required to make co-payments, as noted above. For the year ended June 30, 2019, the City made an additional contribution over the pay-as-you-go amount of approximately \$1.2 million.

Notes to Financial Statements

Actuarial Assumptions. The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2018 (and rolled forward to June 30, 2019), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.0 percent Salary increases 2.5 percent

Investment rate of return General and Public Safety: 4.5 percent, net of other postemployment

benefit plan investment expense, including inflation Court: 2.0 percent, net of other postemployment benefit plan investment expense, including inflation

Healthcare cost trend rate Pre-65; 8.0 percent graded down to 5 percent over six years,

5.0 percent per annum for Medicare costs

Mortality rate RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted

with MP-2017 (set-forward 10 years for disability).

Changes in assumptions General and Court: Discount rate lowered from 3.51 percent to

3.0 percent

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of an actuarial experience study for the period April 2013 through March 2014.

The long-term expected rate of return on other postemployment benefit plan investments (for General, Public Safety, and Court) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 other postemployment benefit plan's target asset allocation as of June 30, 2019 (see the discussion below of the investment allocation policy) are summarized in the following table:

General and Public Safety:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fidelity 500 Index Premium Pooled cash	25% 75% 100%	10.00% 0.00%

Court:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Pooled cash	100%	0.00%

Notes to Financial Statements

Investment Allocation Policy. The plans' policy in regard to the allocation of invested assets is established and may be amended by the respective Board of Trustees. The policy pursues an investment strategy that protects the financial health of the plans and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets above. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the plans may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the plans will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

Discount Rate. A single discount rate of 3.0 percent for General, Public Safety, and Court was used to measure the respective total other postemployment benefit liabilities. The assets are not projected to be sufficient to make projected future benefit payments of current plan members beyond the first year. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. The discount rate is used to determine the total OPEB liability. The discount rate used as of June 30, 2019 was 3.0 percent.

Changes in the Net Other Postemployment Benefit Liability. The components of the change in the net other postemployment benefit liability are summarized as follows:

	Total OPEB Liability (a)		lan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
General Retiree Healthcare Plan				
Balances at June 30, 2018	\$ 39,201,61	4 \$	1,496,449	\$ 37,705,165
Changes for the year:				
Service cost	224,75	0	-	224,750
Interest	1,358,69	9	-	1,358,699
Differences between expected and				
actual experience	2,03	9	-	2,039
Changes in assumptions	4,079,73	3	-	4,079,733
Employer contributions		-	2,046,516	(2,046,516)
Net investment income		-	54,619	(54,619)
Benefit payments, including refunds of				
employee contributions	(1,446,51	6)	(1,446,516)	-
Net changes	4,218,70	5	654,619	3,564,086
Balances at June 30, 2019	\$ 43,420,31	9 \$	2,151,068	\$ 41,269,251

Notes to Financial Statements

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Public Safety Retiree Healthcare Plan			
Balances at June 30, 2018	\$ 45,161,339	\$ 2,299,007	\$ 42,862,332
Changes for the year:			
Service cost	1,042,819	_	1,042,819
Interest	1,368,038	_	1,368,038
Differences between expected and	1,500,050		1,300,030
actual experience	17,585	_	17,585
Employer contributions	17,303	1,814,780	(1,814,780)
Net investment income	-	93,001	(93,001)
Benefit payments, including refunds of		75,001	(75,001)
employee contributions	(1,214,780)	(1,214,780)	_
Net changes	1,213,662	693,001	520,661
	, -,		
Balances at June 30, 2019	\$ 46,375,001	\$ 2,992,008	\$ 43,382,993
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Court Retiree Healthcare Plan			
Balances at June 30, 2018	\$ 5,973,144	\$ -	\$ 5,973,144
Changes for the year:			
Service cost	77,646	-	77,646
Interest	207,992	-	207,992
Differences between expected and			
actual experience	(64,182)	-	(64,182)
Changes in assumptions	528,673	-	528,673
Employer contributions	-	262,134	(262,134)
Net investment income	-	40	(40)
Benefit payments, including refunds of			
employee contributions	(250,158)	(250,158)	
Net changes	499,971	12,016	487,955
Balances at June 30, 2019	\$ 6,473,115	\$ 12,016	\$ 6,461,099

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 3.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.0 percent) or 1 percentage point higher (4.0 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	(2.0%)	(3.0%)	(4.0%)
General	\$ 49,221,282	\$ 41,269,251	\$ 35,147,691
Public Safety	52,469,706	43,382,993	36,375,972
Court	7,387,034	6,461,099	5,716,603
Total	\$ 109,078,022	\$ 91,113,343	\$ 77,240,266

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.0 percent graded down to 5.0 percent over six years for pre-65 costs and 5.0 percent for Medicare costs, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.0 percent graded down to 4.0 percent over six years/4.0 percent) or 1 percentage point higher (9.0 percent graded down to 6.0 percent over six years/6.0 percent) than the current rate:

				Current			
	1% H		Healthcare Cost			1%	
		Decrease	Т	rend Rate	Increase		
	(7.	.0% graded	(8	.0% graded	(9.0% graded		
	dov	vn to 4.0% /	dov	wn to 5.0% /	dov	wn to 6.0% /	
		4.0%)		5.0%)		6.0%)	
General Public Safety Court	\$	34,742,212 35,591,279 5,637,965	\$	41,269,251 43,382,993 6,461,099	\$	49,664,295 53,628,255 7,484,669	
Total	\$	75,971,456	\$	91,113,343	\$	110,777,219	

Notes to Financial Statements

Other Postemployment Benefit Expense and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits. For the year ended June 30, 2019, the City recognized other postemployment benefit expense of \$5,973,717, \$5,224,840, and \$728,126, for the General, Public Safety, and Court retiree healthcare plans, respectively. At June 30, 2019, the City reported deferred outflows and inflows of resources related to other postemployment benefits from the following sources:

	Deferi Outflov Resour	vs of	Deferi Inflow Resour	s of	(lı	t Deferred Outflows Inflows) of Desources
General Retiree Healthcare Plan Net difference between projected and actual earnings on other postemployment benefit plan investments	\$ 3	3,488	\$		\$	33,488
Public Safety Retiree Healthcare Plan Difference between expected and actual						
experience		9,592	9	7,992		(88,400)
Changes in assumptions	1,29	1,948		-		1,291,948
Net difference between projected and actual earnings on other postemployment benefit						
plan investments	3	7,351		-		37,351
	1,33	8,891	9	7,992		1,240,899
Court Retiree Healthcare Plan Difference between expected and actual						
experience		-	2	0,222		(20,222)
Changes in assumptions	16	6,568		-		166,568
Net difference between projected and actual earnings on other postemployment benefit						
plan investments		(32)		-		(32)
	16	6,536	2	0,222		146,314
Total	\$ 1,53	8,915	\$ 11	8,214	\$	1,420,701

The net other postemployment benefit liability is generally liquidated by the general fund.

Notes to Financial Statements

Amounts reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in other postemployment benefits expense through annual amortization as follows:

Year Ended	General Employees' Retirement		Public Safety Employees' Retirement		Court nployees' etirement	
June 30,	5	System		System	System	Total
2020 2021 2022 2023	\$	9,414 9,414 9,416 5,244	\$	1,212,802 12,452 10,855 4,790	\$ 146,338 (8) (8) (8)	\$ 1,368,554 21,858 20,263 10,026
	\$	33,488	\$	1,240,899	\$ 146,314	\$ 1,420,701

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

		Plan Net Position								
		Employees' Retirement System		Public Safety Employees' Retirement System		tiree Health re - General and Public Safety		Total		
Assets										
Cash and cash equivalents	\$	(191,481)	\$	(174,525)	\$	4,200,580	\$	3,834,574		
Due from other governments		37,447		118,484		-		155,931		
Investments, at fair value: Equity mutual funds		14,030,290		32,296,086		_		46,326,376		
Fixed income mutual funds		5,241,072		12,124,807		-		17,365,879		
Money market accounts		605,508		863,178		942,496		2,411,182		
Total assets		19,722,836		45,228,030		5,143,076		70,093,942		
Liabilities										
Accounts payable		284,607		399,890		-		684,497		
Net position Restricted for pension and other										
postemployment benefits	\$	19,438,229	\$	44,828,140	\$	5,143,076	\$	69,409,445		

Notes to Financial Statements

	Changes in Plan Net Position									
	Employees' Retirement System	Public Safety Employees' Retirement System	Retiree Health Care - General and Public Safety	Total						
Additions	,									
Contributions:										
Employer	\$ 1,850,000	\$ 3,381,218	\$ 3,861,296	\$ 9,092,514						
Plan members	52,428	453,727		506,155						
Total contributions	1,902,428	3,834,945	3,861,296	9,598,669						
Investment income: Net change in fair										
value of investments	812,508	1,846,102	115,594	2,774,204						
Interest	-	14,518	43,226	57,744						
Dividends	608,825	1,349,562	-	1,958,387						
Total investment income	1,421,333	3,210,182	158,820	4,790,335						
Less: investment expense	(85,275)	(147,294)	(11,200)	(243,769)						
Net investment income	1,336,058	3,062,888	147,620	4,546,566						
Total additions	3,238,486	6,897,833	4,008,916	14,145,235						
Deductions										
Benefits	3,168,167	4,437,467	2,661,296	10,266,930						
Refunds and administration	2,656	36,745		39,401						
Total deductions	3,170,823	4,474,212	2,661,296	10,306,331						
Change in net position	67,663	2,423,621	1,347,620	3,838,904						
Net position, beginning of year	19,370,566	42,404,519	3,795,456	65,570,541						
Net position, end of year	\$ 19,438,229	\$ 44,828,140	\$ 5,143,076	\$ 69,409,445						

19. JOINT VENTURES

The City is a member of the Southeastern Oakland County Resource Recovery Authority (the "Authority") which consists of 12 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board and controls six of 69 votes. The governing board approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2019, the last available audited financial statements, the Authority reported a decrease in net position in the amount of \$709,616, resulting in ending net position in the amount of \$4,082,001. During the year ended June 30, 2019, the City expended \$1,872,353 of payments made to the Authority. The City is unaware of any situation that would cause any additional financial benefit or burden related to the Authority. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from its administrative offices at 3910 Webster Road, Royal Oak, Michigan, 48073.

Notes to Financial Statements

20. LEASES

The City has an agreement with Rolston Hockey, LLC (Rolston) for the operation of the City ice rink. Rolston will pay rent of \$2,500 each month, which is to be paid in advance by the tenth of the month. The City may terminate the contract only if Rolston fails to perform the terms and conditions of the contract. The City received \$30,000 from Rolston for the fiscal year ended June 30, 2019.

The City has an agreement with Hatzalah of Michigan (Hatzalah) for the use of building space. Hatzalah will pay rent of \$826 each month, which is to be paid in advance by the first of the month. The term of the lease commenced on May 1, 2018 and expired on May 1, 2019, but was renewed on May 1, 2019, and expires on April 30, 2020. The City received \$9,910 from Hatzalah for the fiscal year ended June 30, 2019.

21. FUND BALANCES

A detailed listing of nonspendable, restricted, assigned and unassigned fund balances of governmental funds is as follows:

	General Fund		Major Streets		Nonmajor Governmental Funds		Total	
Nonspendable -								
Prepaids	\$	521,922	\$	36	\$	1	\$	521,959
Restricted for:								
Road surface repairs				2,156,309		1,222,981		3,379,290
Sidewalks		-		2,130,309		133,836		133,836
Solid waste		-		-		1,471,427		1,471,427
Debt service		-		-		836,933		836,933
		-		-		,		•
Library		-		-		114,392		114,392
Public safety		-		-		89,640		89,640
Courts		-		-		89,381		89,381
Unspent bond proceeds				- 2 454 200		43,708		43,708
Total restricted		-		2,156,309		4,002,298		6,158,607
Assigned for:								
Library		_		_		72,164		72,164
Municipal buildings		_		_		978,073		978,073
Total assigned		-		_		1,050,237		1,050,237
3 · · · · · · · · · · · · · · · · · · ·						, , -		, , -
Unassigned (deficits)		3,847,361		-		(56,161)		3,791,200
Total fund balances	\$	4,369,283	\$	2,156,345	\$	4,996,375	\$	11,522,003

Notes to Financial Statements

22. SUMMARY OF SIGNIFICANT CONTINGENCIES

There are several pending lawsuits in which the City is involved. The City Attorney estimates that potential claims against the City being defended by attorneys appointed by liability insurance carriers would not materially affect the operations or financial condition of the City. The City Attorney estimates, that while possible, it is not probable that the City will receive unfavorable rulings in any other lawsuits.

23. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2019, was as follows:

	Governmental Activities		siness-type Activities
Capital assets:			
Capital assets not being depreciated	\$	3,671,071	\$ 2,369,111
Capital assets being depreciated, net		38,019,076	 26,506,600
		41,690,147	28,875,711
Related debt:		_	
General obligation bonds		23,035,000	5,192,888
Unamortized bond premium		727,831	-
Capital lease		1,990,000	-
Less unamortized deferred loss on refunding		(154,756)	-
Less unexpended bond proceeds		(43,708)	-
		25,554,367	5,192,888
		<u> </u>	
Net investment in capital assets	\$	16,135,780	\$ 23,682,823

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Employee's Retirement System and Public Safety Employee's Retirement System Schedule of Investment Returns

	Annual Money
	Weighted Rate
Fiscal	of Return, Ne
Year	of Investment
Ended	Expense
Employees' Retirement System	
6/30/2014	13.89%

6/30/2015	0.91%
6/30/2016	-1.72%
6/30/2017	11.59%
6/30/2018	7.85%
6/30/2019	7.23%
Public Safety Employees' Retirement System	
6/30/2014	17.37%
6/30/2015	-0.02%
6/30/2016	-1.35%
6/30/2017	11.69%
6/30/2018	7.81%
6/30/2019	7.41%

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

Required Supplementary Information

General Employees' Retirement System

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended June 30,							
	2014	2015	2016	2017	2018	2019		
Change in total pension liability								
Service cost	\$ 471,343	\$ 485,484	\$ 303,303	\$ 325,140	\$ 246,853	\$ 233,255		
Interest	2,471,316	2,159,545	2,726,891	2,563,114	2,679,864	2,672,022		
Differences between expected								
and actual experience	-	810,181	(136,533)	(56,941)	(486,200)	616,284		
Changes of assumptions	-	(8,131,545)	4,952,784	(2,789,126)	(807, 180)	827,930		
Benefit payments, including refunds								
of member contributions	(3,237,481)	(3,165,651)	(3,079,825)	(3,081,680)	(2,893,955)	(3,170,823)		
Other changes					48,778			
Net change in total pension liability	(294,822)	(7,841,986)	4,766,620	(3,039,493)	(1,211,840)	1,178,668		
Total pension liability, beginning	47,145,426	46,850,604	39,008,618	43,775,238	40,735,745	39,523,905		
Total pension liability, ending (a)	46,850,604	39,008,618	43,775,238	40,735,745	39,523,905	40,702,573		
Change in plan fiduciary net position								
Contributions - employer	1,367,086	1,272,539	1,336,565	1,338,260	1,445,558	1,850,000		
Contributions - member	61,130	54,389	52,239	48,211	51,977	52,428		
Net investment income (loss)	(3,162,566)	196,674	(326,643)	2,053,473	1,461,332	1,336,058		
Benefit payments, including refunds								
of member contributions	(3,237,481)	(3,165,651)	(3,079,825)	(3,081,680)	(2,893,955)	(3,170,823)		
Administrative expense	-	-	(4,531)	-	-	-		
Other - transfer to Public Safety Employees' Retirement System	(31,376,710)							
Net change in plan fiduciary net position	(36,348,541)	(1,642,049)	(2,022,195)	358,264	64,912	67,663		
Plan fiduciary net position, beginning	58,960,175	22,611,634	20,969,585	18,947,390	19,305,654	19,370,566		
Plan fiduciary net position, ending (b)	22,611,634	20,969,585	18,947,390	19,305,654	19,370,566	19,438,229		
City's net pension liability, ending (a)-(b)	\$24,238,970	\$18,039,033	\$24,827,848	\$21,430,091	\$20,153,339	\$21,264,344		
Plan fiduciary net position as a percentage								
of the total pension liability	48.3%	53.8%	43.3%	47.4%	49.0%	47.8%		
Covered payroll	\$ 1,998,057	\$ 1,885,123	\$ 1,786,708	\$ 1,695,162	\$ 1,706,969	\$ 1,572,221		
City's net pension liability as a percentage of covered payroll	1213.1%	956.9%	1389.6%	1264.2%	1180.7%	1352.5%		

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

2019 Changes in assumptions: The mortality tables changed to the new government tables provided by the State.

2018 Changes in assumptions: The assumption that mortality and disability decrements do not occur during the first five years of employment was removed; liability load for "roll-in amounts" decreased from 9.00% to 4.00%; adjusted dates of hire were added to the data to reflect the adjusted service accurately; discount rate was decreased from 8.00% to 7.00%.

2017 Changes in assumptions: For the calculation of year end liabilities, the tax-exempt municipal bond rate increased from 3.18% to 3.58%, and the discount rate increased from 6.07% to 6.77%. The long-term inflation assumption has decreased from 3.0% to 2.5% as of July 1, 2016. This change applies to both the salary increase assumption and the amortization of the unfunded actuarial accrued liability.

2016 Changes in assumptions: For the calculation of year end liabilities, the tax-exempt municipal bond rate decreased from 3.80% to 3.18%, and the discount rate decreased from 7.38% to 6.07%.

2015 Changes in assumptions: For the calculation of year end liabilities, the tax-exempt municipal bond rate decreased from 4.29% to 3.80%, the long-term rate of return on assets increased from 6.54% to 8.00%, and the discount rate increased from 5.40% to 7.38%.

Required Supplementary Information

Public Safety Employees' Retirement System
Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended June 30,							
	2014	2015	2016	2017	2018	2019		
Change in total pension liability								
Service cost	\$ 1,351,362	\$ 1,391,903	\$ 941,346	\$ 1,116,227	\$ 837,339	\$ 998,688		
Interest	4,381,564	4,346,878	4,427,324	4,968,550	5,173,752	5,251,142		
Differences between expected								
and actual experience	-	136,404	2,342,761	(251,605)	446,463	(1,200,198)		
Changes of assumptions	-	(19,693,917)	3,938,301	(2,189,134)	3,895,295	1,242,814		
Benefit payments, including refunds								
of member contributions	(4,961,937)	(4,280,101)	(4,378,526)	(4,431,882)	(4,121,370)	(4,474,212)		
Other changes					(1,628,637)			
Net change in total pension liability	770,989	(18,098,833)	7,271,206	(787,844)	4,602,842	1,818,234		
Total pension liability, beginning	82,496,362	83,267,351	65,168,518	72,439,724	71,651,880	76,254,722		
Total pension liability, ending (a)	83,267,351	65,168,518	72,439,724	71,651,880	76,254,722	78,072,956		
Change in plan fiduciary net position								
Contributions - employer	2,869,461	2,438,761	2,521,391	2,387,270	2,551,000	3,381,218		
Contributions - member	325,361	317,315	330,804	325,575	407,715	453,727		
Net investment income (loss)	11,976,064	(7,748)	(513,784)	4,198,316	3,096,956	3,062,888		
Benefit payments, including refunds								
of member contributions	(4,961,937)	(4,280,101)	(4,378,526)	(4,431,882)	(4,121,370)	(4,474,212)		
Administrative expense	-	-	(10,848)	(11,984)	-	-		
Other - transfer from Employees' Retirement System	31,376,710		-		-			
Net change in plan fiduciary net position	41,585,659	(1,531,773)	(2,050,963)	2,467,295	1,934,301	2,423,621		
Plan fiduciary net position, beginning		41,585,659	40,053,886	38,002,923	40,470,218	42,404,519		
Plan fiduciary net position, ending (b)	41,585,659	40,053,886	38,002,923	40,470,218	42,404,519	44,828,140		
City's net pension liability, ending (a)-(b)	\$41,681,692	\$25,114,632	\$34,436,801	\$31,181,662	\$33,850,203	\$33,244,816		
Plan fiduciary net position as a percentage of the total pension liability	49.9%	61.5%	52.5%	56.5%	55.6%	57.4%		
Covered payroll	\$ 3,727,181	\$ 3,954,232	\$ 4,041,630	\$ 4,169,534	\$ 4,436,592	\$ 4,726,656		
City's net pension liability as a percentage of covered payroll	1118.3%	635.1%	852.1%	747.8%	763.0%	703.3%		

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

2019 Changes in assumptions: The mortality tables changed to the new government tables provided by the State.

2018 Changes in assumptions: The assumption that mortality and disability decrements do not occur during the first five years of employment was removed; liability load for "roll-in amounts" decreased from 12.50% to 7.00%; liability load for subsidized service purchases was removed and replaced with actual adjusted service dates; discount rate was changed from 7.52% to 7.00%

2017 Changes in assumptions: For the calculation of year end liabilities, the tax-exempt municipal bond rate increased from 3.18% to 3.58%, and the discount rate increased from 7.27% to 7.52%. The long-term inflation assumption has decreased from 3.0% to 2.5% as of July 1, 2016. This change applies to both the salary increase assumption and the amortization of the unfunded actuarial accrued liability.

2016 Changes in assumptions: For the calculation of year end liabilities, the tax-exempt municipal bond rate decreased from 3.80% to 3.18%, and the discount rate decreased from 7.83% to 7.27%.

2015 Changes in assumptions: The actuarial equivalence basis for converting between option forms of benefit payment was updated.

Required Supplementary Information

Employee's Retirement System and Public Safety Employee's Retirement System Schedule of City Contributions

		Contributions in Relation to the			Contributions as a
Fiscal	Actuarially	Actuarially	Contribution		Percentage of
Year	Determined	Determined	Deficiency	Covered	Covered
Ended	Contribution	Contribution	(Excess)	Payroll	Payroll
Employees' Reti	rement System				
6/30/2014	\$ 1,211,912	\$ 1,367,086	\$ (155,174)	\$ 1,998,057	68.4%
6/30/2015	1,272,539	1,272,539	-	1,885,123	67.5%
6/30/2016	1,318,377	1,336,565	(18,188)	1,786,708	74.8%
6/30/2017	1,256,953	1,338,260	(81,307)	1,695,162	78.9%
6/30/2018	1,384,659	1,445,558	(60,899)	1,706,969	84.7%
6/30/2019	1,678,746	1,850,000	(171,254)	1,572,221	117.7%
Public Safety Er	' '	•			
6/30/2014	\$ 2,105,664	\$ 2,869,461	\$ (763,797)	\$ 3,727,181	77.0%
6/30/2015	2,159,875	2,438,761	(278,886)	3,954,232	61.7%
6/30/2016	2,326,055	2,521,391	(195,336)	4,041,630	62.4%
6/30/2017	2,314,911	2,387,270	(72,359)	4,169,534	57.3%
6/30/2018	2,550,106	2,551,000	(894)	4,436,592	57.5%
6/30/2019	3,099,614	3,381,218	(281,604)	4,726,656	71.5%

Notes to Schedule of Contributions

Valuation date June 30, 2018

Notes Actuarially determined contribution rates are calculated as of June 30 that

is 12 months prior to the beginning of the fiscal year for which the

contributions are reported.

Other information There were no benefit changes during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method General: 2.5 percent scale on amortization is applied to

recognize increasing amortization payments; Public Safety:

spread gain/loss with 2.5 percent scale

Remaining amortization period 25 years

Required Supplementary Information

Employee's Retirement System and Public Safety Employee's Retirement System Schedule of City Contributions

Asset valuation method

General: The actuarial value of assets is equal to the prior year's actuarial value brought forward to the valuation date with contributions, benefit payments, and expected investment income. The excess/(deficit) of actual return on market assets over expected return on actuarial assets is the asset gain(loss) for the year. The rolled forward actuarial assets are then adjusted by adding/(subtracting) 20 percent of the asset gains/(losses) for each of the five preceding years. A final adjustment is made, if necessary, so the actuarial value of assets is no more than 120 percent nor less than 80 percent of the market value.

Public Safety: Equal to market value of assets

Inflation 2.50 percent

Salary increases Varies

Investment rate of return 7 percent net of pension plan investment expense, including

inflation

Mortality rates RP-2000 Combined Mortality Table, projected to 2020 using

Mortality Improvement Scale BB.

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

Required Supplementary Information

General, Public Safety, and Court Retiree Healthcare Plans Schedule of Investment Returns

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expense
General Retiree Healthcare Pl	
6/30/2017	an. 3.59%
6/30/2018	
*****	2.99%
6/30/2019	3.04%
Public Safety Retiree Healthca	re Plan:
6/30/2017	3.59%
6/30/2018	2.99%
6/30/2019	3.58%
Court Retiree Healthcare Plan	:
6/30/2018	N/A (1)
6/30/2019	0.67%

⁽¹⁾ The Court Retiree Healthcare Plan is not pre-funded and has no assets.

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

Required Supplementary Information

General Retiree Healthcare Plan

Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

	Year Ended June 30,			
	2017	2018	2019	
Change in total other postemployment benefit liability				
Service cost	\$ 372,392	\$ 304,260	\$ 224,750	
Interest	1,435,899	1,076,780	1,358,699	
Differences between expected				
and actual experience	-	1,107,922	2,039	
Changes of assumptions	7,013,108	3,071,218	4,079,733	
Benefit payments, including refunds				
of member contributions	(1,545,294)	(1,578,228)	(1,446,516)	
Net change in total other postemployment benefit liability	7,276,105	3,981,952	4,218,705	
Total other postemployment benefit liability, beginning	32,681,525	39,957,630	39,201,614	
Less amounts for Court Retiree Healthcare Plan (1)		(4,737,968)		
Total other postemployment benefit liability, ending (a)	39,957,630	39,201,614	43,420,319	
Change in plan fiduciary net position				
Contributions - employer	1,545,294	1,878,228	2,046,516	
Net investment income	40,168	38,027	54,619	
Benefit payments, including refunds				
of member contributions	(1,545,294)	(1,578,228)	(1,446,516)	
Net change in plan fiduciary net position	40,168	338,027	654,619	
Plan fiduciary net position, beginning	1,118,254	1,158,422	1,496,449	
Plan fiduciary net position, ending (b)	1,158,422	1,496,449	2,151,068	
City's net other postemployment benefit liability, ending (a)-(b)	\$38,799,208	\$37,705,165	\$41,269,251	
Plan fiduciary net position as a percentage				
of the total other postemployment benefit liability	2.90%	3.82%	4.95%	
Covered payroll	\$ 2,105,252	\$ 1,706,969	\$ 1,475,359	
City's net other postemployment benefit liability as a				
percentage of covered payroll	1842.97%	2208.90%	2797.23%	

⁽¹⁾ The Court Retiree Healthcare Plan total other postemployment benefit liability was presented with the General Retiree Healthcare Plan for the year ended 6/30/2017, but is presented separately for the year ended 6/30/2018 (prospectively).

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

2019 Changes in assumptions: Discount rate lowered from 3.51% to 3.0%.

2018 Changes in assumption: First valuation performed by Watkins Ross; discout rate lowered from 3.1% to 3.0%; trend rates changed from 6.0% graded down to 4.0% to 8.0% graded down to 5.0% for pre-65 claims, 5.0% forage 65 and after; mortality rates changed from RP-2014 Group Annuity Mortality Table 50/50 blend male/female to RPH-2014 adjusted to 2006 Total Data Set with MP-2017 (set-forward 10 years for disability).

2017 Changes in assumption: Discount rate lowered from 4.5% to 3.1%.

Required Supplementary Information

Public Safety Retiree Healthcare Plan Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

	Year Ended June 30,		
	2017	2018	2019
Change in total other postemployment benefit liability			
Service cost	\$ 525,509	\$ 525,509	\$ 1,042,819
Interest	1,307,879	1,164,989	1,368,038
Differences between expected			
and actual experience	-	(575,996)	17,585
Changes of assumptions	7,536,448	7,594,136	-
Benefit payments, including refunds			
of member contributions	(1,553,955)	(1,204,145)	(1,214,780)
Net change in total other postemployment benefit liability	7,815,881	7,504,493	1,213,662
Total other postemployment benefit liability, beginning	29,840,965	37,656,846	45,161,339
Total other postomployment benefit hability, boginning	27,010,703	37,030,010	13,101,337
Total other postemployment benefit liability, ending (a)	37,656,846	45,161,339	46,375,001
Change in plan fiduciary net position			
Contributions - employer	1,553,955	1,504,145	1,814,780
Net investment income	67,112	63,534	93,001
Benefit payments, including refunds			
of member contributions	(1,553,955)	(1,204,145)	(1,214,780)
Net change in plan fiduciary net position	67,112	363,534	693,001
Plan fiduciary net position, beginning	1,868,361	1,935,473	2,299,007
Plan fiduciary net position, ending (b)	1,935,473	2,299,007	2,992,008
City's net other postemployment benefit liability, ending (a)-(b)	\$35,721,373	\$42,862,332	\$43,382,993
Plan fiduciary net position as a percentage			
of the total other postemployment benefit liability	5.14%	5.09%	6.45%
Covered payroll	\$ 3,842,496	\$ 3,464,030	\$ 4,744,250
City's net other postemployment benefit liability as a percentage of covered payroll	929.64%	1237.35%	914.43%

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

2018 Changes in assumption: First valuation performed by Watkins Ross; discout rate lowered from 3.1% to 3.0%; trend rates changed from 6.0% graded down to 4.0% to 8.0% graded down to 5.0% for pre-65 claims, 5.0% forage 65 and after; mortality rates changed from RP-2014 Group Annuity Mortality Table 50/50 blend male/female to RPH-2014 adjusted to 2006 Total Data Set with MP-2017 (set-forward 10 years for disability).

2017 Changes in assumption: Discount rate lowered from 4.5% to 3.1%.

Required Supplementary Information

Court Retiree Healthcare Plan Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

	Year Ended June 30,		
	2018	2019	
Change in total other postemployment benefit liability			
Service cost	\$ 68,132	\$ 77,646	
Interest	143,650	207,992	
Differences between expected			
and actual experience	1,076,251	(64,182)	
Changes of assumptions	291,606	528,673	
Benefit payments, including refunds			
of member contributions	(344,463)	(250,158)	
Net change in total other postemployment benefit liability	1,235,176	499,971	
Total other postemployment benefit liability, beginning	4,737,968	5,973,144	
Total other postemployment benefit liability, ending (a)	5,973,144	6,473,115	
Change in plan fiduciary net position			
Contributions - employer	344,463	262,134	
Contributions - member			
Net investment income	-	40	
Benefit payments, including refunds			
of member contributions	(344,463)	(250,158)	
Net change in plan fiduciary net position	-	12,016	
Plan fiduciary net position, beginning			
Plan fiduciary net position, ending (b)		12,016	
City's net other postemployment benefit liability, ending (a)-(b)	\$ 5,973,144	\$ 6,461,099	
Plan fiduciary net position as a percentage			
of the total other postemployment benefit liability	0.00%	0.19%	
Covered payroll	\$ 422,984	\$ 435,990	
City's net other postemployment benefit liability as a percentage of covered payroll	1412.14%	1484.69%	

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

2019 Changes in assumptions: Discount rate lowered from 3.51% to 3.0%.

2018 Changes in assumption: First valuation performed by Watkins Ross; discout rate lowered from 3.1% to 3.0%; trend rates changed from 6.0% graded down to 4.0% to 8.0% graded down to 5.0% for pre-65 claims, 5.0% forage 65 and after; mortality rates changed from RP-2014 Group Annuity Mortality Table 50/50 blend male/female to RPH-2014 adjusted to 2006 Total Data Set with MP-2017 (set-forward 10 years for disability).

Required Supplementary Information

General, Public Safety, and Court Retiree Healthcare Plans Schedule of City Contributions

Fiscal Year Ended	D	actuarially etermined ontribution	ir A De	ntributions n Relation to the actuarially etermined ontribution		ontribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
General Retiree Healthcare Plan:								
6/30/2017	\$	1,620,940	\$	1,545,294	\$	75,646	\$ 2,105,252	73.4%
6/30/2018		4,307,310		1,878,228		2,429,082	1,706,969	110.0%
6/30/2019		5,280,276		2,046,516		3,233,760	1,475,359	138.7%
Public Safety Retiree Healthcare Plan:								
6/30/2017	\$	1,901,699	\$	1,553,955	\$	347,744	\$ 3,842,496	40.4%
6/30/2018		3,988,426		1,504,145		2,484,281	3,464,030	43.4%
6/30/2019		5,586,225		1,814,780		3,771,445	4,744,250	38.3%
Court Retiree Healthcare Plan:								
6/30/2018	\$	625,762	\$	344,463		281,299	\$ 422,984	81.4%
6/30/2019		949,686		262,134		687,552	435,990	60.1%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation date June 30, 2018 (rolled forward to June 30, 2019)

Notes Actuarially determined contribution rates are calculated as of June 30

that is 12 months prior to the beginning of the fiscal year for which

Other information There were no benefit changes during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of compensation

Remaining amortization period 25 years
Asset valuation method Market value

Healthcare inflation rate Pre-65; 8.0 percent graded down to 5 percent over

six years, 5.0 percent per annum for Medicare costs

Inflation rate 2.0 percent Salary increases 2.5 percent

Investment rate of return General and Public Safety: 4.5 percent, including

inflation; Court: 2.0 percent, including inflation

Required Supplementary Information

General, Public Safety, and Court Retiree Healthcare Plans Schedule of City Contributions

Mortality rates

RP-2014 adjusted to 2006 Total Data Set, Headcount weighted with MP-2017 (set-forward 10 years for disability)

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

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

	Special Revenue	Debt Service	Capital Project	Total Nonmajor vernmental
Assets Cash and investments Receivables:	\$ 2,894,482	\$ 875,933	\$ 1,545,772	\$ 5,316,187
Special assessments	-	-	92,104	92,104
Accounts Due from other governments	547,265 247,473	-	18,840 -	566,105 247,473
Prepaid items	 1	 	 	 1
Total assets	\$ 3,689,221	\$ 875,933	\$ 1,656,716	\$ 6,221,870
Liabilities				
Accounts payable	\$ 447,203	\$ -	\$ 410,023	\$ 857,226
Accrued liabilities Due to other funds	87,374 86,175	39,000	15,263	141,637 86,175
Due to other runus	 00,173	 	 	 00,173
Total liabilities	 620,752	 39,000	 425,286	1,085,038
Deferred inflows of resources				
Unavailable revenue - special assessments	-	-	75,813	75,813
Unavailable revenue - grants	 64,644	 <u>-</u>	 	 64,644
Total deferred inflows of resources	64,644		75,813	 140,457
Fund balances				
Nonspendable	1	-	-	1
Restricted	2,987,821	836,933	177,544	4,002,298
Assigned	72,164	-	978,073	1,050,237
Unassigned (deficit)	 (56,161)	 	 	 (56,161)
Total fund balances	 3,003,825	836,933	1,155,617	4,996,375
Total liabilities, deferred inflows of				
resources and fund balances	\$ 3,689,221	\$ 875,933	\$ 1,656,716	\$ 6,221,870

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Revenues Property taxes Special assessments Intergovernmental:	\$ 2,076,013 37,559	\$ 2,393,568	\$ - 373,177	\$ 4,469,581 410,736
Federal grants State grants Charges for services	196,107 1,272,253 1,800,253	- 12,097	-	196,107 1,284,350 1,800,253
Fines and forfeitures Interest income	335,764 72,572	- - 49,968	67,872 53,565	403,636 176,105
Other revenue Total revenues	<u>980</u> 5,791,501	2,455,633	138,381	139,361 8,880,129
Expenditures	3,771,301	2,433,033	032,773	0,000,127
Current: Judicial	2,601,590	-	-	2,601,590
Public safety Road maintenance and repair	3,889 823,728	- -	- -	3,889 823,728
Public works Health and sanitation Library	2,772,595 762,488	-	40,090	40,090 2,772,595 762,488
Community development Debt service:	194,100	-	81,947	276,047
Principal Interest and fiscal charges	-	1,540,000 937,498	-	1,540,000 937,498
Capital outlay Total expenditures	7,158,390	2,477,498	1,663,268 1,785,305	1,663,268
Revenues under expenditures	(1,366,889)	(21,865)	(1,152,310)	(2,541,064)
Other financing sources (uses)				
Transfers in Transfers out	2,305,108 (61,916)	153,971	(29,346)	2,459,079 (91,262)
Total other financing sources (uses)	2,243,192	153,971	(29,346)	2,367,817
Net change in fund balances	876,303	132,106	(1,181,656)	(173,247)
Fund balances, beginning of year	2,127,522	704,827	2,337,273	5,169,622
Fund balances, end of year	\$ 3,003,825	\$ 836,933	\$ 1,155,617	\$ 4,996,375

Combining Balance Sheet Nonmajor Governmental Funds Special Revenue Funds June 30, 2019

	Local Streets	Solid Waste	arcotics orfeiture
Assets			
Cash and investments	\$ 1,094,351	\$ 1,162,702	\$ 71,852
Receivables -	27 770	E20 224	
Accounts Due from other governments	26,678 126,489	520,321	-
Prepaid items	120,407	-	-
rrepaid items		 	 _
Total assets	\$ 1,247,518	\$ 1,683,023	\$ 71,852
Liabilities			
Accounts payable	\$ 11,139	\$ 185,851	\$ -
Accrued liabilities	4,915	25,745	-
Due to other funds	 -	 <u> </u>	
Total liabilities	16,054	211,596	
Deferred inflows of resources			
Unavailable revenue - grants	 8,483	 	
Fund balances			
Nonspendable	-	-	-
Restricted	1,222,981	1,471,427	71,852
Assigned	-	-	-
Unassigned (deficits)	 <u>-</u>	 -	
Total fund balances (deficits)	 1,222,981	 1,471,427	 71,852
Total liabilities, deferred inflows of			
resources, and fund balances	\$ 1,247,518	\$ 1,683,023	\$ 71,852

Criminal Justice Training	Dev	mmunity relopment ock Grant	D	ndigent efense Grant	Caseflow Assistance		Veterans Treatment Court Grant		45th District Court	
\$ 17,788	\$	-	\$	80,274	\$	59,597	\$	-	\$	189,920
- - -		- 49,351 -		- - -		- - -		- 21,345 -		266 - -
\$ 17,788	\$	49,351	\$	80,274	\$	59,597	\$	21,345	\$	190,186
\$ -	\$	710	\$	14,413	\$	36,077	\$	5,641 372	\$	156,110
-		3,689 44,952		-		-		15,332		34,076 -
 		49,351		14,413		36,077		21,345		190,186
<u>-</u>		3,689						2,184		-
		_						_		
17,788		-		65,861		23,520		-		-
<u> </u>		(3,689)		-				(2,184)		-
17,788		(3,689)		65,861		23,520	·	(2,184)		-
\$ 17,788	\$	49,351	\$	80,274	\$	59,597	\$	21,345	\$	190,186

continued...

Combining Balance Sheet

Nonmajor Governmental Funds Special Revenue Funds June 30, 2019

Assets	Library		tal Health urt Grant	Total
Cash and investments	\$ 217,998	\$	-	\$ 2,894,482
Receivables -				E 4 2 0 4 E
Accounts Due from other governments	-		- 50,288	547,265 247,473
Prepaid items	1		50,200	1
Total assets	\$ 217,999	\$	50,288	\$ 3,689,221
Liabilities				
Accounts payable	\$ 13,464	\$	23,798	\$ 447,203
Accrued liabilities	17,978		599	87,374
Due to other funds	 -		25,891	 86,175
Total liabilities	 31,442		50,288	620,752
Deferred inflows of resources				
Unavailable revenue - grants	 -		50,288	 64,644
Fund balances				
Nonspendable	1			1
Restricted	114,392		-	2,987,821
Assigned	72,164		-	72,164
Unassigned (deficits)	 -	1	(50,288)	(56,161)
Total fund balances (deficits)	 186,557		(50,288)	3,003,825
Total liabilities, deferred inflows of				
resources, and fund balances	\$ 217,999	\$	50,288	\$ 3,689,221

concluded.

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Special Revenue Funds
For the Year Ended June 30, 2019

	Local Streets	Solid Waste	Narcotics Forfeiture
Revenues			
Property taxes	\$ -	\$ 1,379,891	\$ -
Special assessments	37,559	-	-
Intergovernmental:			
Federal grants	-	-	-
State grants	812,212	6,774	-
Charges for services	-	1,604,897	-
Fines and forfeitures	-	-	9,361
Interest income	21,184	35,264	1,519
Other revenue	295		
Total revenues	871,250	3,026,826	10,880
Expenditures			
Current:			
Judicial	-	-	-
Public safety	-	-	3
Road maintenance and repair	823,728	_	<u>-</u>
Health and sanitation	, <u>-</u>	2,772,595	<u>-</u>
Library	_	-	_
Community development			
Total expenditures	823,728	2,772,595	3
Revenues over (under) expenditures	47,522	254,231	10,877
Other financing sources (uses)			
Transfers in	605,000	_	_
Transfers out	-		
Total other financing sources (uses)	605,000		
Net change in fund balances	652,522	254,231	10,877
Fund balances (deficits), beginning of year	570,459	1,217,196	60,975
Fund balances (deficits), end of year	\$ 1,222,981	\$ 1,471,427	\$ 71,852

J	riminal ustice raining	Community Development Block Grant	Indigent Defense Grant	Caseflow Assistance	Veterans Treatment Court Grant	45th District Court		
\$	-	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -		
	- 8,697 -	196,107 - -	- 156,726 -	- 13,962 -	- 61,101 -	91,448 178,004		
	- 321 -	- - -		3,842 	- - -	254,856 - -		
	9,018	196,107	156,726	17,804	61,101	524,308		
	- 3,886 -	- -	132,127 - -	182,337 - -	47,896 - -	2,132,314		
	- - -	- - 194,100	- - -	- - -	- - -	- - -		
	3,886	194,100	132,127	182,337	47,896	2,132,314		
	5,132	2,007	24,599	(164,533)	13,205	(1,608,006)		
			41,262	<u>-</u>	<u>-</u>	1,619,922 (11,916)		
			41,262			1,608,006		
	5,132	2,007	65,861	(164,533)	13,205	-		
	12,656	(5,696)		188,053	(15,389)	<u>-</u>		
\$	17,788	\$ (3,689)	\$ 65,861	\$ 23,520	\$ (2,184)	\$ -		

continued...

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Special Revenue Funds
For the Year Ended June 30, 2019

P		Library	Mental Health Court Grant		Total
Revenues	,	(0(122	*	,	2.07/.0/2
Property taxes	\$	696,122	\$ -	\$	2,076,013
Special assessments		-	-		37,559
Intergovernmental:					407 407
Federal grants		-	-		196,107
State grants		33,099	88,234		1,272,253
Charges for services		17,352	-		1,800,253
Fines and forfeitures		71,547	-		335,764
Interest income		10,442	-		72,572
Other revenue		685			980
Total revenues		829,247	88,234		5,791,501
Expenditures					
Current:					
Judicial		-	106,916		2,601,590
Public safety		-	-		3,889
Road maintenance and repair		-	-		823,728
Health and sanitation		-	-		2,772,595
Library		762,488	-		762,488
Community development		<u> </u>			194,100
Total expenditures		762,488	106,916		7,158,390
Revenues over (under) expenditures		66,759	(18,682)		(1,366,889)
Other financing sources (uses)					
Transfers in		38,924	_		2,305,108
Transfers out		(50,000)	-		(61,916)
Total other financing sources (uses)		(11,076)			2,243,192
Net change in fund balances		55,683	(18,682)		876,303
Fund balances (deficits), beginning of year		130,874	(31,606)		2,127,522
Fund balances (deficits), end of year	\$	186,557	\$ (50,288)	\$	3,003,825

concluded.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Local Streets Fund For the Year Ended June 30, 2019

	Original Budget		Final Budget		Actual		Actual Over (Under) Final Budget	
Revenues	,			40. 475	<u>,</u>	27.550		(2.044)
Special assessments Intergovernmental -	\$	-	\$	40,475	\$	37,559	\$	(2,916)
State grants		583,912		805,236		812,212		6,976
Interest income		2,500		15,783		21,184		5,401
Other revenue		-		265		295		30
Total revenues		586,412		861,759		871,250		9,491
Expenditures Current -								
Road maintenance and repair		1,126,489		1,148,759		823,728		(325,031)
Revenues over (under) expenditures		(540,077)		(287,000)		47,522		334,522
Other financing sources								
Transfers in		605,000		287,000		605,000		318,000
Net change in fund balance		64,923		-		652,522		652,522
Fund balance, beginning of year		435,288		570,459		570,459		
Fund balance, end of year	\$	500,211	\$	570,459	\$	1,222,981	\$	652,522

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Solid Waste Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget		Actual		(Ur	tual Over nder) Final Budget
Revenues							
Property taxes	\$ 1,347,469	\$	1,353,469	\$	1,379,891	\$	26,422
Intergovernmental-							
State grants	10,000		6,775		6,774		(1)
Charges for services	1,558,500		1,535,000		1,604,897		69,897
Interest income	2,789		30,337		35,264		4,927
Total revenues	2,918,758		2,925,581		3,026,826		101,245
Expenditures Current -							
Health and sanitation	 3,062,277		2,924,581		2,772,595		(151,986)
Net change in fund balance	(143,519)		1,000		254,231		253,231
Fund balance, beginning of year	 1,217,196		1,217,196		1,217,196		
Fund balance, end of year	\$ 1,073,677	\$	1,218,196	\$	1,471,427	\$	253,231

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Narcotics Forfeiture Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Fines and forfeitures Interest income	\$ 10,000 100	\$ 10,000 100	\$ 9,361 1,519	\$	(639) 1,419
Total revenues	10,100	10,100	10,880		780
Expenditures Current -					
Public safety	 10,000	 10,000	 3		(9,997)
Net change in fund balance	100	100	10,877		10,777
Fund balance, beginning of year	60,975	60,975	60,975		-
Fund balance, end of year	\$ 61,075	\$ 61,075	\$ 71,852	\$	10,777

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Criminal Justice Training Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues	3	Ū			· ·
Intergovernmental -					
State grants	\$ 8,500	\$ 8,500	\$ 8,697	\$	197
Interest income	 25	 25	 321		296
Total revenues	8,525	8,525	9,018		493
Expenditures Current -					
Public safety	 8,525	 8,525	3,886		(4,639)
Net change in fund balance	-	-	5,132		5,132
Fund balance, beginning of year	 12,656	12,656	12,656		
Fund balance, end of year	\$ 12,656	\$ 12,656	\$ 17,788	\$	5,132

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Community Development Block Grant Fund For the Year Ended June 30, 2019

	Original Budget		Final Budget		Actual		Actual Over (Under) Final Budget	
Revenues								
Federal grants	\$	164,297	\$	199,696	\$	196,107	\$	(3,589)
Expenditures Current -								
Community development		137,745		194,000		194,100		100
Net change in fund balance		26,552		5,696		2,007		(3,689)
Fund balance (deficit), beginning of year				-		(5,696)		(5,696)
Fund balance (deficit), end of year	\$	26,552	\$	5,696	\$	(3,689)	\$	(9,385)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Indigent Defense Grant Fund For the Year Ended June 30, 2019

	Original Budget		Final Budget		Actual		ctual Over nder) Final Budget
Revenues							
State grants	\$	-	\$	208,969	\$	156,726	\$ (52,243)
Expenditures Current -							
Judicial		-		208,969		132,127	(76,842)
Revenues over expenditures		-		-		24,599	24,599
Other financing sources Transfers in						41,262	41,262
Net change in fund balance		-		-		65,861	65,861
Fund balance, beginning of year		-				-	
Fund balance, end of year	\$		\$		\$	65,861	\$ 65,861

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Caseflow Assistance Fund For the Year Ended June 30, 2019

	Original Budget		Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues						
Intergovernmental -						
State grants	\$	15,000	\$ 15,000	\$ 13,962	\$	(1,038)
Interest income		2,000	2,000	 3,842		1,842
Total revenues		17,000	17,000	17,804		804
Expenditures Current -						
Judicial		190,000	190,000	 182,337		(7,663)
Net change in fund balance		(173,000)	(173,000)	(164,533)		8,467
Fund balance, beginning of year		188,053	 188,053	188,053		
Fund balance, end of year	\$	15,053	\$ 15,053	\$ 23,520	\$	8,467

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Veterans Treatment Court Grant For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	ctual Over nder) Final Budget
Revenues Intergovernmental - State grants	\$ 42,000	\$ 64,389	\$ 61,101	\$ (3,288)
Expenditures Current - Judicial	42,000	49,000	 47,896	(1,104)
Net change in fund balance	-	15,389	13,205	(2,184)
Fund balance (deficit), beginning of year			(15,389)	(15,389)
Fund balance (deficit), end of year	\$ -	\$ 15,389	\$ (2,184)	\$ (17,573)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - 45th District Court Fund For the Year Ended June 30, 2019

		Original Budget		Final Budget		Actual		ctual Over nder) Final Budget
Revenues								
Intergovernmental - State grants	\$	91,448	\$	91,448	\$	91,448	\$	
Charges for services	٦	150,000	ڔ	150,000	ڔ	178,004	ڔ	28,004
Fines and forfeitures		274,637		274,637		254,856		(19,781)
						50 / 300		
Total revenues		516,085		516,085		524,308		8,223
Expenditures								
Current -								
Judicial		2,468,868		2,468,868		2,132,314		(336,554)
Revenues under expenditures		(1,952,783)		(1,952,783)		(1,608,006)		344,777
Other financing sources								
Transfers in		1,952,783		1,952,783		1,619,922		(332,861)
Transfers out		-		-		(11,916)		11,916
Total other financing sources		1,952,783		1,952,783		1,608,006		(320,945)
Net change in fund balance		-		-		-		-
Fund balance, beginning of year						<u>-</u>		-
Fund balance, end of year	\$		\$		\$		\$	-

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Library Fund For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	(Un	tual Over der) Final Budget
Revenues					
Property taxes	\$ 677,582	\$ 681,582	\$ 696,122	\$	14,540
Intergovernmental -					
State grants	18,300	21,463	33,099		11,636
Charges for services	15,200	15,975	17,352		1,377
Fines and forfeitures	68,200	71,810	71,547		(263)
Interest income	1,650	11,541	10,442		(1,099)
Other revenue	 -	755	685		(70)
Total revenues	780,932	803,126	829,247		26,121
Expenditures					
Current -					
Library	 768,440	795,605	762,488		(33,117)
Revenues over expenditures	 12,492	 7,521	66,759		59,238
Other financing sources (uses)					
Transfers in	38,924	38,924	38,924		-
Transfers out	 (50,000)	 (50,000)	(50,000)		
Total other financing uses	(11,076)	 (11,076)	(11,076)		
Net change in fund balance	1,416	(3,555)	55,683		59,238
Fund balance, beginning of year	 130,874	130,874	130,874		
Fund balance, end of year	\$ 132,290	\$ 127,319	\$ 186,557	\$	59,238

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Mental Health Court Grant Fund

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	ctual Over nder) Final Budget
Revenues Intergovernmental -				
State grants	\$ 100,000	\$ 121,000	\$ 88,234	\$ (32,766)
Expenditures Current -				
Judicial	 100,000	 100,000	 106,916	 6,916
Net change in fund balance	-	21,000	(18,682)	(39,682)
Fund balance (deficit), beginning of year			(31,606)	(31,606)
Fund balance (deficit), end of year	\$ _	\$ 21,000	\$ (50,288)	\$ (71,288)

Combining Balance Sheet Nonmajor Governmental Funds Debt Service Funds June 30, 2019

	Re	2015 efunding Bond	 12 Street efunding Bond	O Municipal Complex Bond	11 Library Recreation Lease	Total
Assets Cash and investments	\$	197,195	\$ 467,720	\$ 211,018	\$ -	\$ 875,933
Liabilities Accrued liabilities	\$	13,000	\$ 12,000	\$ 14,000	\$	\$ 39,000
Fund balances Restricted		184,195	455,720	197,018		836,933
Total liabilities and fund balances	\$	197,195	\$ 467,720	\$ 211,018	\$ 	\$ 875,933

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Debt Service Funds
For the Year Ended June 30, 2019

	R	2015 efunding Bond	12 Street efunding Bond	Municipal Complex Bond	2011 Library and Recreation Lease	Total
Revenues		DUITU	DUITU	DUITU	Lease	TULAT
Property taxes Intergovernmental -	\$	734,900	\$ 810,201	\$ 848,467	\$ -	\$ 2,393,568
State grants		3,749	3,912	4,436	_	12,097
Interest income		13,723	21,506	14,662	77	49,968
Total revenues		752,372	835,619	867,565	77	2,455,633
Expenditures Debt service:						
Principal		445,000	615,000	400,000	80,000	1,540,000
Interest and fiscal charges		279,722	149,899	 433,829	74,048	 937,498
Total expenditures		724,722	 764,899	833,829	154,048	2,477,498
Revenues over (under) expenditures		27,650	70,720	33,736	(153,971)	(21,865)
Other financing sources Transfers in					153,971	153,971
Net change in fund balances		27,650	70,720	33,736	-	132,106
Fund balances, beginning of year		156,545	385,000	 163,282		 704,827
Fund balances, end of year	\$	184,195	\$ 455,720	\$ 197,018	\$ -	\$ 836,933

Combining Balance Sheet Nonmajor Governmental Funds Capital Projects Funds June 30, 2019

	Public provement	ty-Owned Property	Sidewalk Program
Assets Cash and investments	\$ 523,645	\$ 182,366	\$ 118,968
Receivables: Special assessments Accounts	- -	- -	92,104 18,840
Total assets	\$ 523,645	\$ 182,366	\$ 229,912
Liabilities			
Accounts payable Accrued liabilities	\$ - -	\$ 15,000	\$ 5,000 15,263
Total liabilities	-	15,000	20,263
Deferred inflows of resources Unavailable revenue - special assessments	-		 75,813
Fund balances Restricted Assigned	- 523,645	- 167,366	133,836
Total fund balance	523,645	167,366	133,836
Total liabilities, deferred inflows of resources, and fund balances	\$ 523,645	\$ 182,366	\$ 229,912

ı	lunicipal Building nstruction	С	unicipal omplex ostruction	Total
\$	677,085	\$	43,708	\$ 1,545,772
	-		-	92,104 18,840
\$	677,085	\$	43,708	\$ 1,656,716
\$	390,023	\$	- -	\$ 410,023 15,263
	390,023		-	425,286
	-		-	75,813
	- 287,062		43,708	177,544 978,073
	287,062		43,708	1,155,617
\$	677,085	\$	43,708	\$ 1,656,716

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

Nonmajor Governmental Funds Capital Project Funds For the Year Ended June 30, 2019

	Public Improvement	City-Owned Property	Sidewalk Program
Revenues			
Special assessments	\$ -	\$ -	\$ 373,177
Fines and forfeitures	-	-	-
Interest income	12,472	3,069	5,391
Other revenue		138,381	
Total revenues	12,472	141,450	378,568
Expenditures			
Public works	-	_	40,090
Community development	4,153	77,794	-
Capital outlay	-		423,747
Total expenditures	4,153	77,794	463,837
Revenues over (under) expenditures	8,319	63,656	(85,269)
Other financing uses Transfers out			
Net change in fund balances	8,319	63,656	(85,269)
Fund balances, beginning of year	515,326	103,710	219,105
Fund balances, end of year	\$ 523,645	\$ 167,366	\$ 133,836

Municipal Building Construction	Municipal Complex Construction	Total
\$ - 67,872 31,597	\$ - 1,036	\$ 373,177 67,872 53,565 138,381
99,469	1,036	632,995
- - 1,239,519	- - 2	40,090 81,947 1,663,268
1,239,519	2	1,785,305
(1,140,050)	1,034	(1,152,310)
(29,346)		(29,346)
(1,169,396)	1,034	(1,181,656)
1,456,458	42,674	2,337,273
\$ 287,062	\$ 43,708	\$ 1,155,617

Combining Statement of Net Position

Internal Service Funds June 30, 2019

	Retirees Risk Health Care Management Motor Pool Court				Total	
Assets						
Current assets:						
Cash and investments	\$	238,233	\$	45,543	\$ -	\$ 283,776
Accounts receivable		28,061		-	-	28,061
Prepaid items		46,145			 12,469	 58,614
Total current assets		312,439		45,543	12,469	370,451
Noncurrent assets -						
Capital assets being depreciated, net				939,369	-	939,369
Total assets		312,439		984,912	 12,469	 1,309,820
Liabilities						
Current liabilities:						
Accounts payable		-		34,808	117	34,925
Accrued liabilities				2,105	 	 2,105
Total liabilities				36,913	117	37,030
Net position						
Investment in capital assets		-		939,369	-	939,369
Unrestricted		312,439		8,630	 12,352	 333,421
Total net position	\$	312,439	\$	947,999	\$ 12,352	\$ 1,272,790

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the Year Ended June 30, 2019

		Risk	Motor		Retirees Health Care		
	Mar	nagement		Pool		Court	Total
Operating revenues Charges for services Fines and forfeitures	\$	443,461	\$	660,816	\$	59,000 203,134	\$ 1,163,277 203,134
Other		77,561		-		-	77,561
Total operating revenues		521,022		660,816		262,134	1,443,972
Operating expenses							
Depreciation		-		189,241		-	189,241
Wages and benefits		161,987		94,402		250,158	506,547
Insurance		363,731		-		-	363,731
Gasoline		-		154,622		-	154,622
Professional services		9		105,108		-	105,117
Supplies		-		151,150		-	151,150
Total operating expenses		525,727		694,523		250,158	 1,470,408
Operating income (loss)		(4,705)		(33,707)		11,976	 (26,436)
Nonoperating revenues (expenses) Interest income		4,705		597		40	5,342
Loss on disposal of capital assets		4,703		(11,561)		4 0	
Loss on disposat of Capital assets				(11,301)	-	<u> </u>	 (11,561)
Total nonoperating revenues (expenses)		4,705		(10,964)		40	 (6,219)
Change in net position		-		(44,671)		12,016	(32,655)
Net position, beginning of year		312,439		992,670		336	 1,305,445
Net position, end of year	\$	312,439	\$	947,999	\$	12,352	\$ 1,272,790

Combining Statement of Cash Flows Internal Service Funds

For the Year Ended June 30, 2019

	Mai	Risk nagement	Mo	otor Pool	Retirees ealth Care Court	Total
Cash flows from operating activities						
Receipts from interfund services	\$	415,400	\$	660,816	\$ 59,000	\$ 1,135,216
Miscellaneous receipts		77,561		-	203,134	280,695
Payments to suppliers		(409,885)		(416,379)	-	(826,264)
Payments to employees		(161,987)		(94,029)	 (262,174)	 (518,190)
Net cash provided by (used in) operating activities		(78,911)		150,408	(40)	71,457
Cash flows from capital						
and related financing activities						
Purchases of capital assets		-		(149,285)	-	(149,285)
Cash flows from investing activities						
Interest and dividends		4,705		597	 40	 5,342
Net change in cash and investments		(74,206)		1,720	-	(72,486)
Cash and investments, beginning of year		312,439		43,823	 	 356,262
Cash and investments, end of year	\$	238,233	\$	45,543	\$ 	\$ 283,776
Reconciliation of operating income (loss) to net						
cash provided by (used in) operating activities:						
Operating income (loss)	\$	(4,705)	\$	(33,707)	\$ 11,976	\$ (26,436)
Adjustments to reconcile operating						
income (loss) to net cash provided by						
(used in) operating activities:						
Depreciation expense		-		189,241	-	189,241
Change in assets and liabilities:		(20.0(4)				(20.0(4)
Accounts receivable		(28,061)		-	(42 422)	(28,061)
Prepaid items Accounts payable		(46,145)		1 (5,500)	(12,133) 117	(58,277)
Accounts payable Accrued liabilities		-		(5,500)	-	(5,383) 373
. 100. 000 1100 1100				3.3	 	
Net cash provided by (used in) operating activities	\$	(78,911)	\$	150,408	\$ (40)	\$ 71,457

Combining Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2019

	Payroll Fund		Escrow Fund	Tax Fund	Agency Fund	Total Agency Funds	
Assets Cash and cash equivalents Due from other governments	\$ 30,479	\$	836,255	\$ 132,003 18,373	\$	\$	998,737 18,373
Total assets	\$ 30,479	\$	836,255	\$ 150,376	\$ -	\$	1,017,110
Liabilities Undistributed receipts	\$ 30,479	\$	836,255	\$ 150,376	\$ -	\$	1,017,110

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2019

		Balance June 30,					Balance June 30,		
	•	2018		Additions		Deductions	J	2019	
Payroll Fund									
Assets									
Cash and cash equivalents	\$	29,916	<u>\$</u>	2,408,127	<u>\$</u>	(2,407,564)	\$	30,479	
Liabilities									
Undistributed receipts	\$	29,916	\$	2,408,127	\$	(2,407,564)	\$	30,479	
Escrow Fund									
Assets									
Cash and cash equivalents	\$	700,770	\$	437,484	\$	(301,999)	\$	836,255	
Due from other governments		-		37,364		(37,364)			
Total assets	\$	700,770	\$	474,848	\$	(339,363)	\$	836,255	
Liabilities									
Undistributed receipts	\$	700,770	\$	474,848	\$	(339,363)	\$	836,255	
			_	,	<u> </u>	(001)000)			
Tax Fund									
Assets									
Cash and cash equivalents	\$	61,245	\$	15,377,132	\$	(15,306,374)	\$	132,003	
Due from other governments				4,765,722		(4,747,349)		18,373	
Total assets	\$	61,245	\$	20,142,854	\$	(20,053,723)	\$	150,376	
Liabilities									
Undistributed receipts	\$	61,245	\$	20,142,854	\$	(20,053,723)	\$	150,376	
Agency Fund									
Assets									
Cash and cash equivalents	\$	278	\$	-	\$	(278)	\$	-	
Liabilities									
Undistributed receipts	\$	278	\$	-	\$	(278)	\$	-	

continued...

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds For the Year Ended June 30, 2019

	,	Balance June 30, 2018 Additions		Deductions	J	Balance June 30, 2019	
Total All Agency Funds Assets							
Cash and cash equivalents Due from other governments	\$	792,209	\$	18,222,743 4,803,086	\$ (18,016,215) (4,784,713)	\$	998,737 18,373
Total assets	\$	792,209	\$	23,025,829	\$ (22,800,928)	\$	1,017,110
Liabilities Undistributed receipts	\$	792,209	\$	23,025,829	\$ (22,800,928)	\$	1,017,110

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STATISTICAL SECTION

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Statistical Section Table of Contents

This part of the City of Oak Park's (the "City") comprehensive annual 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 government's overall financial health.

		Page
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	148
Debt Capacity	These schedules present 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.	154
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	159
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	162

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

Net Position by Component Last Ten Fiscal Years

Last Ten Fiscal Years (accrual basis of accounting)

	2010	2011	2012	2013	2014
Governmental activities Net investment in capital assets Restricted Unrestricted (deficit) Total governmental activities	\$ 15,406,195 4,088,332 (4,176,964) 15,317,563	\$ 2,076,411 16,892,886 (7,479,222) 11,490,075	\$ 1,805,028 16,169,292 (12,720,940) 5,253,380	\$ 13,132,212 6,911,104 (18,447,947) 1,595,369	\$ 14,247,686 4,887,899 (20,223,425) (1,087,840)
Business-type activities Net investment in capital assets Unrestricted Total business-type activities	\$ 16,780,263 503,073 17,283,336	\$ 17,689,440 1,623,541 19,312,981	\$ 15,566,968 4,345,077 19,912,045	\$ 16,175,706 4,653,218 20,828,924	\$ 16,773,566 6,175,448 22,949,014
Primary government Net investment in capital assets Restricted Unrestricted (deficit) Total primary government	\$ 32,186,458 4,088,332 (3,673,891) 32,600,899	\$ 19,765,851 16,892,886 (5,855,681) 30,803,056	\$ 17,371,996 16,169,292 (8,375,863) 25,165,425	\$ 29,307,918 6,911,104 (13,794,729) 22,424,293	\$ 31,021,252 4,887,899 (14,047,977) 21,861,174

2015	2016	2017	2018	2019
\$ 14,000,594	\$ 15,052,182	\$ 16,080,881	\$ 15,026,750	\$ 16,135,780
4,317,193	4,464,360	3,372,538	4,388,861	5,915,132
(68,221,764)	(66,961,297)	(62,472,772)	(115,747,281)	(125,598,845)
\$ (49,903,977)	\$ (47,444,755)	\$ (43,019,353)	\$ (96,331,670)	\$ (103,547,933)
\$ 17,818,784	\$ 19,700,636	\$ 20,845,966	\$ 22,094,929	\$ 23,682,823
733,114	(1,894,698)	(1,633,533)	(9,270,130)	(9,299,373)
\$ 18,551,898	\$ 17,805,938	\$ 19,212,433	\$ 12,824,799	\$ 14,383,450
\$ 31,819,378	\$ 34,752,818	\$ 36,926,847	\$ 37,121,679	\$ 39,818,603
4,317,193	4,464,360	3,372,538	4,388,861	5,915,132
(67,488,650)	(68,855,995)	(64,106,305)	(125,017,411)	(134,898,218)
\$ (31,352,079)	\$ (29,638,817)	\$ (23,806,920)	\$ (83,506,871)	\$ (89,164,483)

Changes in Net Position Last Ten Fiscal Years

(accrual basis of accounting)

Evnoncos	2010	2011	2012	2013	2014
Expenses Governmental activities:					
General government	\$ 5,455,233	\$ 5,175,795	\$ 7,507,151	\$ 7,899,791	\$ 6,824,175
Judicial	2,480,818	2,438,608	2,536,686	2,128,180	1,976,211
Public safety	11,980,655	11,807,208	10,268,074	2,653,492	9,525,007
Road maintenance and repair	3,132,845	3,773,388	3,557,279	3,209,098	4,098,970
Public works	1,748,297	1,468,111	960,745	2,402,385	1,744,556
Health and sanitation	2,074,094	1,938,016	2,079,476	1,983,105	2,268,966
Culture and recreation	1,346,217	1,257,593	966,087	1,470,915	827,531
	1,028,408	904,488	945,653	762,658	696,640
Library Community development	1,499,055	1,889,763	981,099	5,242,607	1,161,136
Interest on long-term debt	1,038,320	1,211,375	1,563,087	1,501,533	1,170,026
Total governmental activities	31,783,942	31,864,345	31,365,337	29,253,764	30,293,218
Total governmental activities	31,703,942	31,004,343	31,303,337	29,233,764	30,293,216
Business-type activities:					
Water and sewer	8,796,597	8,721,512	9,517,443	10,147,814	9,447,898
Total primary government expenses	40,580,539	40,585,857	40,882,780	39,401,578	39,741,116
Program revenues					
Governmental activities:					
Charges for services:					
General government	470,968	491,946	2,969,159	3,623,194	2,930,627
Judicial	609,349	620,549	185,301	-	148,221
Public safety	1,422,872	1,436,686	46,635	50,257	41,518
Road maintenance and repair	72,648	, , , <u>-</u>	148,312	125,599	251,972
Public works	153,071	399,625	294,580	459,765	288,447
Health and sanitation	644,564	835,541	1,101,773	1,141,929	1,149,094
Culture and recreation	471,547	433,396	-	-	, , <u>-</u>
Library	20,593	18,475	11,436	17,684	144,126
Community development	3,136	94,507	365	, -	21,680
Operating grants and contributions	4,457,172	3,801,612	2,599,832	2,273,132	2,241,178
Capital grants and contributions	50,000	, , , <u>-</u>	893		1,750
Total governmental activities	8,375,920	8,132,337	7,358,286	7,691,560	7,218,613
Business-type activities:					
Charges for services:					
Water and sewer	9,148,095	10,676,880	10,726,423	10,985,124	11,550,673
Operating grants and contributions	-	-	10,720,425	10,703,124	- 11,330,073
Total business-type activities	9,148,095	10,676,880	10,726,423	10,985,124	11,550,673
Total Susmess type activities		,	. 0,7.20, 1.20	.0,700,121	
Total primary government	47 504 045	10 000 017	40.004.700	10 (7/ (0)	40 740 004
program revenues	17,524,015	18,809,217	18,084,709	18,676,684	18,769,286
Net (expense)/revenue					
Government activities	(23,408,022)	(23,732,008)	(24,007,051)	(21,562,204)	(23,074,605)
Business-type activities	351,498	1,955,368	1,208,980	837,310	2,102,775
Total primary government net expense	(23,056,524)	(21,776,640)	(22,798,071)	(20,724,894)	(20,971,830)

	2015		2016		2017		2018		2019
	2015		2010		2017		2010		2019
\$	3,064,969	\$	9,940,652	\$	4,078,708	\$	8,428,726	\$	9,878,893
•	1,944,235	•	2,280,899	•	2,000,064	•	3,312,598	•	3,067,582
	3,497,663		7,401,142		9,299,317		16,032,718		16,498,401
	4,702,539		3,125,342		3,145,293		2,599,451		973,456
	1,141,585		2,837,202		1,516,904		2,047,753		3,792,312
	3,023,012		280,850		2,498,707		2,726,238		2,772,595
	572,947		475,963		658,582		903,615		844,486
	702,648		661,836		821,249		962,330		946,003
	384,815		601,863		444,575		709,763		624,666
	1,192,125		1,076,838		1,076,246		921,950		878,483
	20,226,538		28,682,587		25,539,645		38,645,142		40,276,877
	8,242,405		11,841,571		9,972,023		11,182,425		12,282,252
	28,468,943		40,524,158		35,511,668		49,827,567		52,559,129
	4,171,972		4,357,345		3,436,647		4,414,603		4,284,570
	184,028		210,220		178,908		191,037		432,860
	40,237		58,596		55,402		66,021		31,195
	131,194		154,627		219,892		191,986		199,119
	733,485		480,086		567,170		532,062		443,549
	1,245,819		1,311,457		1,357,366		1,462,305		1,604,897
					<u>-</u>				-
	22,380		24,974		25,386		32,511		28,274
	-		-		-		-		-
	2,406,046		2,690,345		2,452,723		3,096,285		3,624,651
	561,703		100,150		422,628		44,438		58,760
	9,496,864		9,387,800		8,716,122		10,031,248		10,707,875
	11,706,574		10,984,177		11,353,474		12,356,387		13,338,756
	11,700,374		10,764,177		11,333,474				
	11,706,574		10,984,177		11,353,474		90,817		408,736
	11,700,374		10,704,177		11,333,474		12,777,204		13,171,472
	21,203,438		20,371,977		20,069,596		22,478,452		24,455,367
	_1,203,430		,-,,,,,				, ,, 0, 132	. ——	_ 1, 133,307
	(10,729,674)	ľ	19,294,787)		(16,823,523)		(28,613,894)		(29,569,002)
	3,464,169	((857,394)		1,381,451		1,264,779		1,465,240
	-,,,		())		,,		,		,,
	(7,265,505)	(2	20,152,181)		(15,442,072)		(27,349,115)		(28, 103, 762)
_									

continued...

Changes in Net Position Last Ten Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014
General revenues					
Governmental activities:					
Property taxes	\$ 18,138,062	\$ 15,762,619	\$ 15,222,837	\$ 14,067,560	\$ 16,466,311
State shared revenues	3,622,093	3,438,471	2,937,911	3,040,964	3,134,336
Franchise fees	669,415	701,558	714,074	794,287	757,237
Investment earnings	73,560	60,045	60,524	51,382	33,512
Miscellaneous	51,411	(8,173)	-	-	-
Transfers	(50,000)	(50,000)	(50,000)	(50,000)	-
Total governmental activities	22,504,541	19,904,520	18,885,346	17,904,193	20,391,396
Business-type activities:					
Investment earnings	93,647	24,277	156	29,569	17,315
Other	-	-	-	-	-
Transfers	50,000	50,000	50,000	50,000	-
Special item	-	-	-	-	-
Total business-type activities	143,647	74,277	50,156	79,569	17,315
Total primary government	22,648,188	19,978,797	18,935,502	17,983,762	20,408,711
Change in net position					
Governmental activities	(903,481)	(3,827,488)	(5,121,705)	(3,658,011)	(2,683,209)
Business-type activities	495,145	2,029,645	1,259,136	916,879	2,120,090
Total primary government	\$ (408,336)	\$ (1,797,843)	\$ (3,862,569)	\$ (2,741,132)	\$ (563,119)

2015	2016		2017	2018		2019
\$ 16,326,336	\$ 17,549,447	\$	17,133,346	\$	16,340,124	\$ 17,639,267
3,197,425	3,288,744		3,329,476		3,556,332	3,611,586
712,120	717,762		683,781		642,949	631,787
48,071	248,056		102,322		120,820	470,099
-	-		-		-	-
-	(50,000)		-		-	-
20,283,952	21,754,009		21,248,925		20,660,225	22,352,739
16,381	61,434		25,044		23,870	83,894
-	-		-		6,731	9,517
-	50,000		-		-	-
 -	-		-		(2,850,000)	-
 16,381	 111,434		25,044		(2,819,399)	 93,411
20,300,333	21,865,443		21,273,969		17,840,826	22,446,150
9,554,278	2,459,222		4,425,402		(7,953,669)	(7,216,263)
3,480,550	(745,960)		1,406,495		(1,554,620)	1,558,651
\$ 13,034,828	\$ 1,713,262	\$	5,831,897	\$	(9,508,289)	\$ (5,657,612)

concluded.

Fund Balances - Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
General fund					
Nonspendable	\$ 191,983	\$ 234,242	\$ 245,037	\$ 198,853	\$ 387,059
Unassigned	 1,970,324	 1,514,649	 312,162	 1,802,454	 2,973,036
Total general fund	 2,162,307	 1,748,891	 557,199	 2,001,307	 3,360,095
All other governmental funds					
Nonspendable	33,737	25,396	22,815	16,255	702
Restricted	4,569,839	17,436,759	16,146,559	6,956,543	4,887,899
Assigned	835,683	1,082,319	1,413,109	1,642,112	1,419,099
Unassigned (deficit)	 	 -	 -	 -	 (7,869)
Total all other governmental funds	 5,439,259	 18,544,474	 17,582,483	 8,614,910	 6,299,831
Total all governmental funds	\$ 7,601,566	\$ 20,293,365	\$ 18,139,682	\$ 10,616,217	\$ 9,659,926

2015	2016	2017	2018	2019
\$ 597,521 2,833,231	\$ 482,475 3,196,719	\$ 440,141 3,413,925	\$ 422,560 3,472,254	\$ 521,922 3,847,361
 3,430,752	 3,679,194	3,854,066	3,894,814	4,369,283
246	1,842	461	61	37
4,317,193	4,585,574	3,632,049	4,640,051	6,158,607
2,002,675	1,907,456	1,944,357	2,083,209	1,050,237
 (23,840)	(28,218)	(232,266)	(52,691)	(56,161)
6,296,274	6,466,654	5,344,601	6,670,630	7,152,720
 3,2,3,2,	 2, .20,03 .	 2,2 . 1,001	 2,2.3,030	 .,,,,,,
\$ 9,727,026	\$ 10,145,848	\$ 9,198,667	\$ 10,565,444	\$ 11,522,003

Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
Revenues					
	\$ 18,170,382	\$ 15,793,548	\$ 14,806,367	\$ 14,486,295	\$ 16,422,482
Property taxes Special assessments	191,247	468,193	213,990	392,523	133,052
Licenses and permits	286,918	324,819	410,216	376,502	363,301
Intergovernmental	7,974,547	7,061,634	5,498,001	5,274,629	5,336,577
Charges for services	1,395,148	1,571,672	2,084,989	1,922,419	2,188,756
Fines and forfeitures					
Interest income	1,862,371	1,864,326 122,813	1,939,928 59,080	1,786,713	1,803,694
Other	77,613 863,996	917,993	•	50,674	33,146 1,284,806
ottler	003,990	917,993	909,167	1,815,024	1,204,000
Total revenues	30,822,222	28,124,998	25,921,738	26,104,779	27,565,814
Expenditures					
General government	4,261,390	3,862,062	4,020,488	3,708,268	3,284,804
Judicial	2,135,210	2,060,494	2,068,527	1,670,645	1,946,216
Public safety	9,699,945	9,444,711	8,463,849	6,829,039	5,557,392
Road maintenance and repair	1,357,550	1,510,941	1,175,485	1,282,793	1,753,709
Public works	2,517,367	2,056,929	2,153,619	2,253,710	2,970,801
Health and sanitation	-	-	-	-	-
Recreation and culture	1,045,643	918,526	866,830	600,876	591,912
Library	850,138	668,867	3,293,302	702,671	727,789
Community development	1,218,937	1,611,291	815,551	549,543	600,913
Nondepartmental	2,735,006	2,735,439	2,804,481	2,691,078	5,214,184
Debt service:					
Principal	1,700,000	1,295,000	1,420,000	1,230,000	1,360,000
Interest	1,038,320	1,207,578	1,440,644	1,493,206	1,211,564
Bond issuance costs	-	-	-	64,220	<u>-</u>
Prior year tax refunds	-	-	11,131	648,227	109,740
Capital outlay	991,354	1,338,008	883,378	9,812,695	3,193,081
Total expenditures	29,550,860	28,709,846	29,417,285	33,536,971	28,522,105
Revenues over (under) expenditures	1,271,362	(584,848)	(3,495,547)	(7,432,192)	(956,291)
Other financing sources (uses)					
Issuance of long-term debt	-	13,326,647	-	9,150,000	-
Premium on issuance of long-term debt	-	-	-	160,579	-
Payment to refund bond escrow agent	-	-	-	(9,160,000)	-
Issuance of capital lease	-	-	2,500,000	-	-
Transfers in	2,476,424	2,476,424	2,919,289	11,704,946	2,695,253
Transfers out	(2,526,424)	(2,526,424)	(2,969,289)	(11,939,946)	(2,695,253)
Total other financing sources (uses)	(50,000)	13,276,647	2,450,000	(84,421)	
Net changes in fund balances	\$ 1,221,362	\$ 12,691,799	\$ (1,045,547)	\$ (7,516,613)	\$ (956,291)
Debt services as a percentage of	0 E0%	0 140/	10.02%	11 410/	10 F 49/
noncapital expenditures	9.59%	9.14%	10.03%	11.61%	10.54%

2	2015		2016		2017		2018		2019
\$ 16	,292,076	\$	16,997,519	\$	17,239,139	\$	16,750,759	\$	17,655,106
Ψ	525,492	*	334,150	*	531,443	7	526,728	*	476,592
	546,585		633,468		516,630		688,406		704,039
6	,121,119		6,008,506		6,142,814		6,586,789		7,233,687
	,857,318		2,499,661		2,094,312		2,229,414		2,359,400
	,056,122		2,200,334		1,986,362		2,334,141		2,560,104
	47,385		244,144		100,369		120,111		464,757
1	,299,773		1,682,787		1,408,372		1,806,222		1,624,121
29	,745,870		30,600,569		30,019,441		31,042,570		33,077,806
3	,613,552		3,562,498		4,007,155		3,498,671		3,406,565
	,950,499		2,384,920		2,099,767		2,169,253		2,601,590
	,447,856		8,771,838		9,391,416		10,236,280		10,799,893
	,756,810		2,161,235		3,818,001		2,184,807		1,896,223
	,616,070		3,092,354		791,087		757,240		800,981
	-		-		2,498,707		2,726,238		2,772,595
	570,403		544,721		656,008		666,885		578,873
	738,863		766,733		827,630		805,382		762,488
	593,951		677,202		520,597		619,909		455,738
3	,944,438		4,681,648		3,069,226		3,396,046		3,905,535
1	,400,000		1,641,000		1,455,000		1,495,000		1,540,000
	,175,121		1,425,436		1,022,022		980,695		937,498
	, 17 3, 12 1		1,423,430		-		700,075		-
	382,611		_		_		_		_
1	,161,178		755,044		810,006		134,188		1,663,268
29	,351,352		30,464,629		30,966,622		29,670,594		32,121,247
	394,518		135,940		(947,181)		1,371,976		956,559
	-		7,825,000		-		-		-
	-		796,882		-		-		-
	-		(8,289,000)		-		-		-
ว	- 2,153,584		- 11,107,393		- 2,125,068		- 2,568,991		- 2,459,079
	.,153,584)		(11,157,393)		(2,125,068)		(2,568,991)		(2,459,079)
					<u> </u>		(2,300,771)		(2,437,077)
	-		282,882					_	<u> </u>
\$	394,518	\$	418,822	\$	(947,181)	\$	1,371,976	\$	956,559
^	150/		10 E9º∕		0.00%		9 450		9 30%
	. I J/0	_	10.58%		7.07/0	_	0.43%		0.30%

Taxable and Estimated Actual Value of Property

Last Ten Fiscal Years

		Real Property			
Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value
000	i i opoi ty			op 6. ty	ranabio raido
2019	\$ 317,258,070	\$ 101,727,150	\$ 25,813,190	\$ 43,550,990	\$ 488,349,400
2018	303,162,780	97,241,660	24,980,660	33,550,020	458,935,120
2017	293,941,530	95,836,930	19,829,100	30,565,350	440,172,910
2016	289,174,450	97,946,090	17,119,170	32,054,990	436,294,700
2015	283,412,310	99,570,910	17,124,830	32,106,170	432,214,220
2014	280,856,040	101,354,490	17,629,760	34,403,540	434,243,830
2013	312,688,580	107,596,610	18,982,270	35,705,130	474,972,590
2012	358,677,900	115,935,490	23,383,320	33,460,080	531,456,790
2011	427,200,170	99,543,660	60,865,560	36,210,100	623,819,490
2010	496,759,030	110,469,460	69,924,120	37,535,040	714,687,650

Source: City of Oak Park Assessing Department

Note: Tax rates are per \$1,000 of taxable value.

Schedule 5 Unaudited

Total Direct Tax Rate	Estimated Actual Value	Taxable Value as a Percentage of Actual Value
35.5834	\$ 1,267,580,720	38.53%
36.1688	1,170,692,040	39.20%
36.9308	1,037,375,040	42.43%
37.6060	945,379,900	46.15%
37.1191	871,556,740	49.59%
36.8734	866,136,280	50.14%
29.8398	948,753,780	50.06%
27.2386	1,257,602,340	42.26%
24.5191	1,288,399,640	48.42%
24.6863	1,629,550,940	43.86%

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (rate per \$1,000 of taxable value)

Fiscal Year	Operating Millage	Library	Debt Service	Solid Waste	PA 345	Total Direct
2019: Homestead (1) 2019: Non-homestead	19.4049	1.4457	4.8700	2.8628	7.0000	35.5834 35.5834
2018: Homestead (1) 2018: Non-homestead	19.7007	1.4690	5.1950	2.9088	6.8953	36.1688 36.1688
2017: Homestead (1) 2017: Non-homestead	19.8959	1.4836	5.6500	2.9377	6.9636	36.9308 36.9308
2016: Homestead (1) 2016: Non-homestead	20.0000	1.4914	6.1615	2.9531	7.0000	37.6060 37.6060
2015: Homestead (1) 2015: Non-homestead	20.0000	1.4914	6.2017	2.9531	6.4729	37.1191 37.1191
2014: Homestead (1) 2014: Non-homestead	20.0000	1.4914	5.9560	2.9531	6.4729	36.8734 36.8734
2013: Homestead (1) 2013: Non-homestead	20.0000	1.4914	5.3953	2.9531	-	29.8398 29.8398
2012: Homestead (1) 2012: Non-homestead	18.8563	1.4914	4.4378	2.4531	-	27.2386 27.2386
2011: Homestead (1) 2011: Non-homestead	17.3563	0.9914	3.7183	2.4531	-	24.5191 24.5191
2010: Homestead (1) 2010: Non-homestead	17.3563	0.9914	3.8855	2.4531	-	24.6863 24.6863

Source: City of Oak Park Treasury Department

⁽¹⁾ The State of Michigan passed a Property Tax Reform measure in 1994 which reduced property taxes for property owners who reside at the property (homestead). This reform created a two tiered tax system which accounts for the presentation above.

School Districts					Total Rates for Residents Residing In			
			Community		Oak Park School	Ferndale School	Berkley School	
Oak Park	Ferndale	Berkley	College	County	District	District	District	
8.9773	8.1984	6.7000	1.5303	13.2978	59.3888	58.6099	57.1115	
26.9773	26.1984	24.0849	1.5303	13.2978	77.3888	76.6099	74.4964	
8.9991	8.2313	7.6843	1.5431	13.3213	60.0323	59.2645	58.7175	
26.9991	26.2313	25.3465	1.5431	13.3213	78.0323	77.2645	76.3797	
9.4592	8.3000	7.7148	1.5707	9.1248	57.0855	55.9263	55.3411	
27.4592	26.3000	25.7148	1.5707	9.1248	75.0855	73.9263	73.3411	
15.5000	13.0000	13.7269	1.5819	9.2081	63.8960	61.3960	62.1229	
33.5000	31.0000	31.7269	1.5819	9.2081	81.8960	79.3960	80.1229	
17.8912	15.3662	13.0788	1.5844	7.5590	64.1537	61.6287	59.3413	
36.0712	33.5462	31.2588	1.5844	7.5590	82.3337	79.8087	77.5213	
17.1251	13.5901	11.3042	1.5844	7.5590	63.1419	59.6069	57.3210	
35.3051	31.7701	29.4842	1.5844	7.5590	81.3219	77.7869	75.5010	
17.0682	13.5332	11.2270	1.5844	8.9051	57.3975	53.8625	51.5563	
35.2482	31.7132	29.4070	1.5844	8.9051	75.5775	72.0425	69.7363	
15.5252	13.5052	11.1788	1.5844	8.9051	53.2533	51.2333	48.9069	
33.7052	31.6852	29.3588	1.5844	8.9051	71.4333	69.4133	67.0869	
14.6800	13.4780	10.6668	1.5844	8.7051	49.4886	48.2866	45.4754	
31.8600	31.6580	28.8468	1.5844	8.7051	66.6686	66.4666	63.6554	
13.4494	13.4796	10.6685	1.5844	8.7051	48.4252	48.4554	45.6443	
31.6294	31.6596	28.8485	1.5844	8.7051	66.6052	66.6354	63.8243	

Principal Property Tax Payers Current Year and Nine Years Ago

	2010				2019	
	Taxable		Percentage	Taxable		Percentage
Taxpayer	Value	Rank	of Total	Value	Rank	of Total
				*** ***		0.050/
Spirit Realty, L.P.	\$ -	-	-	\$10,014,560	1	2.05%
FEDEX	-	-	-	8,872,300	2	1.82%
DTE Electric Company	-	-	-	7,407,150	3	1.52%
Lincoln Towers Apartments, LLP	3,948,500	8	0.63%	6,678,690	4	1.37%
Consumers Energy Company	5,902,970	4	0.95%	5,401,270	5	1.11%
Oak Park Crown Pointe, LLC	-	-	-	4,964,090	6	1.02%
Village Green Companies	-	-	-	4,925,900	7	1.01%
Barton Malow Contracting	6,151,500	3	0.99%	4,669,130	8	0.96%
Oak Park Manor MI, LLC	-	-	-	4,505,880	9	0.92%
Teitel JSL LTD Dividend Housing Dev.	4,817,450	6	0.77%	3,660,730	10	0.75%
Detroit Square Properties, LLC	8,322,600	1	1.33%	-	-	-
Jewish Federation Apartments	7,875,980	2	1.26%	-	-	-
Parkwoods Shopping Plaza, LLC	5,169,800	5	0.83%	_	-	-
Greenfield Lincoln Inv. #2, LLC	3,952,500	7	0.63%	-	-	-
Oakmont Properties	3,336,090	9	0.53%	-	-	-
Lincoln Center	3,275,150	10	0.52%		-	
	\$52,752,540		8.44%	\$61,099,700		12.51%

Source: City of Oak Park Assessing Department

Property Tax Levies and Collections Last Ten Fiscal Years

	Taxes Levied	Collected w Taxes Levied Fiscal Year o				Total Collections to Date		
	for the Fiscal		% of	Years		% of		
Year	Year	Amount	Levy	Collections	Amount	Levy		
2019	\$ 17,388,966	\$ 16,290,986	93.69%	\$ 119,126	\$ 16,410,112	94.37%		
2018	16,611,438	15,521,142	93.44%	64,571	15,585,713	93.83%		
2017	16,255,214	15,211,479	93.58%	109,269	15,320,748	94.25%		
2016	16,301,611	15,088,697	92.56%	63,360	15,152,057	92.95%		
2015	16,104,874	15,031,406	93.33%	94,188	15,125,594	93.92%		
2014	16,260,957	14,955,242	91.97%	109,923	15,065,165	92.65%		
2013	15,138,509	13,946,023	92.12%	101,563	14,047,586	92.79%		
2012	14,899,108	13,746,273	92.26%	81,518	13,827,791	92.81%		
2011	15,658,581	14,363,567	91.73%	95,810	14,459,377	92.34%		
2010	18,708,879	16,964,827	90.68%	81,685	17,046,512	91.11%		

Source: City of Oak Park Treasury Department

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	Governmental Activities			Business-type Activities			
Fiscal Year	General			Water		% of	
Ending	Obligation	Unamortized	Capital	Revenue	Total Primary	Personal	Per
June 30,	Bonds	Premium	Lease	Bonds	Government	Income	Capita
2019	\$ 23,035,000	\$ 727,831	\$ 1,990,000	\$ 5,192,888	\$ 30,945,719	60.09%	\$ 1,055.48
2018	24,495,000	790,993	2,070,000	6,176,389	33,532,382	67.32%	1,143.71
2017	25,915,000	854,155	2,145,000	7,140,320	36,054,475	75.96%	1,229.73
2016	27,295,000	917,317	2,220,000	8,081,332	38,513,649	79.74%	1,286.26
2015	29,330,000	-	2,290,000	9,008,845	40,628,845	84.08%	1,390.20
2014	30,660,000	140,507	2,360,000	9,892,544	43,053,051	80.52%	1,463.64
2013	31,950,000	150,543	2,430,000	10,754,639	45,285,182	93.11%	1,544.57
2012	33,120,000	-	2,500,000	12,510,082	48,130,082	99.29%	1,641.60
2011	34,540,000	-	-	13,697,003	48,237,003	99.06%	1,645.25
2010	22,410,000	-	-	14,315,803	36,725,803	75.42%	1,252.63

Source: City of Oak Park Finance Department

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Obligation Bonds	Unamortized Premium	Less: Amounts Available in Debt Service Funds	Total	% of Estimated Actual Taxable Value of Property	Per Capita
2019	\$23,035,000	\$ 727,831	\$ 637,166	\$23,125,665	4.74%	\$ 789
2018	24,495,000	790,993	496,311	24,789,682	5.40%	846
2017	25,915,000	854,155	400,299	26,368,856	5.94%	892
2016	27,295,000	917,317	436,883	27,775,434	6.18%	920
2015	29,330,000	130,471	337,729	29,122,742	6.71%	989
2014	30,660,000	140,507	-	30,800,507	7.01%	1,039
2013	31,950,000	150,543	-	32,100,543	6.72%	1,090
2012	33,120,000	-	-	33,120,000	6.21%	1,126
2011	34,540,000	-	-	34,540,000	5.43%	1,156
2010	22,410,000	-	-	22,410,000	3.02%	736

Source: City of Oak Park Finance Department

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

	Net Debt Outstanding	Percentage Applicable to City *	Estimated Share of Overlapping Debt
Direct City of Oak Park	\$ 25,752,831	100.00%	\$ 25,752,831
Overlapping			
Berkley School District	53,860,000	10.65%	5,736,090
Ferndale School District	39,012,748	11.29%	4,404,539
Oak Park School District	6,275,000	75.91%	4,763,353
Oakland County (at-large)	314,844,309	0.85%	2,676,177
Oakland Intermediate School District	43,855,000	0.85%	372,768
			17,952,926
Total direct and overlapping debt			\$ 43,705,757

Source: Municipal Advisory Council of Michigan

Note: Overlapping governments are those that coincide, at lease in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Oak Park. This process recognized 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.

^{*} Amount supplied by Municipal Advisory Council of Michigan.

Schedule 12 Unaudited

3.96%

Legal Debt Margin
Last Ten Fiscal Years

Assessed value	\$ 633,790,360

Legal debt limit (10% of SEV) \$ 63,379,036

Gross indebtedness \$ 25,752,831
Amount available in debt service funds (637,166)
Net bonded debt 25,115,665

Legal debt margin \$ 38,263,371

Net bonded debt as a percentage of assessed value

Fiscal Year		Debt Limit		Total Net Debt Applicable to Limit	[Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2040	ċ	(2.270.02/	ċ	25 445 //5	ċ	20 2/2 274	20.72%
2019	\$	63,379,036	\$	25,115,665	\$	38,263,371	39.63%
2018		58,534,602		26,859,682		31,674,920	45.89%
2017		51,868,752		27,442,706		24,426,046	52.91%
2016		47,268,995		29,078,117		18,190,878	61.52%
2015		43,577,837		31,292,468		12,285,369	71.81%
2014		43,306,814		32,803,885		10,502,929	75.75%
2013		47,437,689		35,438,601		11,999,088	74.71%
2012		53,202,679		33,885,602		19,317,077	63.69%
2011		64,419,982		21,574,317		42,845,665	33.49%
2010		81,477,547		23,325,784		58,151,763	28.63%

Source: City of Oak Park Finance Department

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Gross			Total Debt Service		
June 30,	Revenue	and Interest	Debt Service	Requirement	Coverage	
2019	\$ 13,840,903	\$ 11,325,244	\$ 2,515,659	\$ 1,006,431	2.50	
2018	12,477,805	10,206,511	2,271,294	983,501	2.31	
2017	11,504,380	9,002,977	2,501,403	963,931	2.60	
2016	11,076,829	9,513,741	1,563,088	941,012	1.66	
2015	11,756,573	9,221,737	2,534,836	1,144,100	2.22	
2014	11,550,673	8,527,198	3,023,475	1,147,399	2.64	
2013	10,985,124	9,204,993	1,780,131	1,550,517	1.15	
2012	10,726,423	8,500,899	2,225,524	1,552,305	1.43	
2011	10,676,880	8,091,387	2,585,493	1,523,214	1.70	
2010	9,148,095	8,094,665	1,053,430	1,552,893	0.68	

Source: City of Oak Park Finance Department

Note: This schedule represents the enterprise fund revenue available to cover additional potential debt, after first covering enterprise fund expenses and existing debt (Kuhn Drain bonds). As of June 30, 2019, the City had no revenue bonds outstanding.

Demographic and Economic Statistics Last Ten Fiscal Years

Year	Population	ersonal Income	P	er Capita ersonal ncome	Median Age	Unemployment Rate
2019	29,319	\$ 51,498	\$	24,156	37.6	6.20%
2018	29,319	49,811		23,092	34.6	5.70%
2017	29,319	47,463		22,059	37.8	5.80%
2016	29,319	47,292		22,143	36.8	7.90%
2015	29,319	48,476		21,677	37.1	8.10%
2014	29,319	53,297		22,486	38.2	11.30%
2013	29,319	48,476		23,242	38.6	13.50%
2012	29,319	48,697		21,677	34.6	14.40%
2011	29,319	48,697		21,677	34.6	16.20%
2010	29,319	48,697		21,677	34.6	18.70%

Source: Michigan Bureau of Labor Market Information and Strategic Initiatives

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Principal Employers Current Year and Nine Years Ago

	2010		2019			
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Barton Malow Company	485	1	2.81%	396	1	2.86%
EJS USA, Inc.	-	· -	-	245	2	1.77%
Easter Seals - Michigan	221	2	1.28%	203	3	1.47%
Oak Park School District		-	-	150	4	1.08%
Home Depot Measurement Services	-	-	-	125	5	0.90%
Fed Ex	_	-	-	111	6	0.80%
City of Oak Park	-	-	-	100	7	0.72%
Berkely School District	-	-	-	100	7	0.72%
Hewson Van Hellemont PC	-	-	-	100	7	0.72%
Ringside Creative LLC	-	-	-	85	10	0.61%
Jewish Federation Apartments	130	3	0.75%	-	-	-
Detroit Square Properties	105	4	0.61%	-	=	=
Lincoln Towers Apartments	99	5	0.57%	-	-	-
Detroit Edison	98	6	0.57%	-	-	-
Parkwoods Shopping Plaza	98	6	0.57%	-	-	-
Huntington Gardens, Village Green Mgmt.	97	8	0.56%	-	-	-
Symtec Manufacturing	96	9	0.56%	-	-	-
CBS, Inc.	95	10	0.55%		-	
	1,524		8.83%	1,615		11.66%

Source: City of Oak Park Community & Economic Development

Full-time Equivalent Employees by Department / Union Group Last Ten Fiscal Years

Department/Union	2010	2011	2012	2013
Full-time	F 00	F 00	F 00	F 00
Council	5.00	5.00	5.00	5.00
City Manager	4.00	3.00	3.00	3.00
Human Resources	-		-	· -
Information Technology	1.00	1.00	1.00	1.00
City Attorney	-	-	-	1.00
Community & Economic Development	-	-	-	-
City Clerk	3.00	2.00	2.00	2.00
Finance & Administrative Services	15.00	13.00	11.00	10.00
Technical & Planning Services	13.00	12.00	10.00	9.00
Public Information	3.00	3.00	3.00	2.00
Public Safety	74.00	73.00	68.00	57.00
Public Works	26.00	24.00	24.00	21.00
Recreation	7.00	7.00	7.00	2.00
Library	6.00	6.00	4.00	4.00
District Court 45-B / Probation	27.00	27.00	23.00	22.00
	184.00	176.00	161.00	139.00
Part-time				
City Manager	-	0.12	0.12	-
City Attorney	-	-	-	-
Prosecuting Attorney	1.00	1.00	1.00	-
Community & Economic Development	-	-	-	-
City Clerk	0.50	0.50	0.50	-
Finance & Administrative Services	-	-	-	-
Technical & Planning Services	0.50	0.50	0.50	0.50
Public Information	-	-	=	-
Public Safety	5.25	5.25	5.25	5.25
Public Works	3.17	3.17	3.17	1.67
Recreation	21.10	20.35	20.35	20.35
Library	4.50	3.75	3.75	2.50
District Court 45-B / Probation	0.70	0.70	1.70	2.70
	36.72	35.34	36.34	32.97
Total	220.72	211.34	197.34	171.97

Note: The amounts presented under part-time workers represent full-time equivalents (FTE) and not actual positions. FTEs equalizes part-time hours to that of a full-time worker in a like position. For example a part-time worker who works 30 hours in a office that normally works 40 hours would be recorded at .75 FTE (30 hours / 40 hours = .75

Schedule 16 Unaudited

2014	2015	2016	2017	2018	2019
5.00	5.00	5.00	5.00	5.00	5.00
4.00	4.00	4.00	3.00	3.00	3.00
-	-	-	2.00	2.00	2.00
1.00	2.00	-	2.00	2.00	-
-	-	-	-	-	-
-	1.00	1.00	1.00	1.00	1.00
3.00	3.00	3.00	3.00	3.00	3.00
10.00	11.00	10.00	11.00	11.00	10.00
11.00	12.50	14.00	16.50	16.50	11.00
2.00	1.00	2.00	2.00	2.00	2.00
59.00	59.00	59.00	61.00	62.00	57.00
22.00	22.00	23.00	24.00	24.00	23.00
3.00	3.00	3.00	3.00	3.00	4.00
4.00	4.00	5.00	4.00	4.00	2.00
23.00	23.00	23.00	23.00	23.00	23.00
147.00	150.50	152.00	160.50	165.50	146.00
0.63	-	0.73	0.73	-	-
-	0.56	-	-	-	-
-	-	•	-	-	-
-	-	0.50	0.50	0.45	0.41
-	-	-	-	-	0.75
-	-	-	-	-	-
2.97	2.38	-	-	-	-
-	-	0.70			-
5.25	5.25	5.25	5.25	5.25	5.25
2.37	2.27	2.27	4.79	3.97	3.97
20.87	20.35	20.35	20.35	20.35	20.35
5.24	6.56	2.90	5.12	5.03	5.08
4.45	4.00	4.00	3.50	1.20	1.67
41.78	41.37	36.70	40.24	36.25	37.48
188.78	191.87	188.70	200.74	201.75	183.48

continued...

Full-time Equivalent Employees by Department / Union Group Last Ten Fiscal Years

Department/Union	2010	2011	2012	2013
Full-time Personnel by Salary Classification Legislative	5	5	5	5
Exempt	11	11	10	11
Supervisory	13	13	13	10
Administrative	5	5	4	6
TPOAM	56	56	43	33
POAM	47	47	45	34
COAM	14	14	13	13
Dispatch	6	6	5	5
District Court 45-B	27	27	23	22
	184	184	161	139

Source: City of Oak Park Finance Department

Schedule 16 Unaudited

2014	2015	2016	2017	2018	2019
5	5	5	5	5	5
10	10	11	12	12	8
11	11	11	11	11	13
5	5	5	6	7	6
38	41.5	43	43.5	43.5	35
38	37	37	38	39	37
12	12	12	14	14	13
5	5	5	6	6	6
23	24	23	23	23	23
147	150.5	152	158.5	160.5	146

concluded.

Operating Indicators by Function / Department

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014
Public Safety					
Hazardous violations	3,428	3,624	3,624	2,409	2,057
Total violations	10,122	9,473	9,473	9,473	6,941
EMS requests	2,533	2,423	2,423	2,389	2,408
Traffic crashes	659	655	655	593	648
Technical & Planning Services					
Number of building permits	526	526	526	649	468
Value of building permits	\$ 4,560,779	\$ 4,560,779	\$ 4,560,779	\$13,015,549	\$ 8,184,966
Library					
Residents with library cards	18,268	18,916	18,916	19,062	19,800
Items available	105,720	94,939	94,939	103,021	104,924
Health and Sanitation					
Tons of solid waste recycled	818	793	793	762	817
Water System					
Water Rate Per Unit	\$ 3.02	\$ 3.12	\$ 3.27	\$ 3.27	\$ 3.41

Source: City of Oak Park Public Safety Department Source: City of Oak Park Technical & Planning Department

Source: City of Oak Park Library

Source: SOCRRA

Source: City of Oak Park Water & Sewer Department

Schedule 17 Unaudited

2015	2016		2017	2	018		2019
2,376	2,093		2,736		3,670		2,485
7,449	5,784		7,152		9,813		6,354
2,561	2,445		2,547		2,535		2,515
688	746		727		719		713
755	692		713		792		768
\$14,450,358	\$25,085,257	\$ 9	,270,250	\$12,	426,781	\$13	,064,114
20,122	19,464		19,483		13,174		9,716
104,648	98,742		106,092		87,571		83,362
786	895		885		951		1,468
700	073		883		751		1,400
					=		
\$ 3.54	\$ 3.85	\$	3.93	\$	4.17	\$	4.25

Capital Asset Statistics by Function / Department Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014
Public Safety					
Vehicles assigned	34	38	33	37	36
Public Works					
Vehicles assigned	42	42	42	41	42
Number of buildings	4	4	4	5	5
Road Maintenance and Repair					
Miles of major streets	20.72	21	21	21	21
Miles of local streets	65.33	65.33	65.33	65.33	65.33
Water & Sewer System					
Miles of water mains	115	115	115	115	115
Miles of sewers	80.64	80.64	80.64	80.64	80.64
Recreation					
Swimming pool	1	1	1	1	1
City parks	10	10	10	10	10
Park acreage	109.8	109.8	109.8	109.8	109.8

Source: City of Oak Park Finance Department

Schedule 18 Unaudited

2015	2016	2017	2018	2019
27	26	36	39	43
45	49	50	53	54
5	5	5	5	5
18.35	18.35	18.35	18.35	18.35
65.94	65.94	65.94	65.94	65.94
115	115	115	115	115
80.64	80.64	80.64	80.64	80.64
1	1	1	1	1
10	10	10	10	10
109.8	109.8	109.8	109.8	109.8

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Rehmann Robson

675 Robinson Rd. Jackson, MI 49203 Ph: 517.787.6503 Fx: 517.788.8111 rehmann.com

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 17, 2019

The Honorable Mayor and Members of the City Council City of Oak Park, 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 Oak Park, Michigan* (the "City"), as of and for the year ended June 30, 2019, 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 17, 2019.

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) to determine the 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 may exist that have not been identified.



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 determination of financial statement amounts. 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.

Rehmann Loham LLC



Rehmann Robson

675 Robinson Rd. Jackson, MI 49203 Ph: 517.787.6503 Fx: 517.788.8111 rehmann.com

Independent Auditors' Communication with Those Charged with Governance

December 17, 2019

The Honorable Mayor and Members of the City Council City of Oak Park, 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 Oak Park, Michigan* (the "City") as of and for the year ended June 30, 2019, and have issued our report thereon dated December 17, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 16, 2019, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated December 17, 2019.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.



Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

In addition, the financial statements include net pension and other postemployment benefit liabilities and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment B to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the *City of Oak Park, Michigan* and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Loham LLC

Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2019 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 84 ■ Fiduciary Activities

Effective 12/15/2019 (your FY 2020)

This standard establishes new criteria for determining how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods. Due to the number of specific factors to consider, we will continue to assess the degree to which this standard may impact the City.

GASB 87 ■ Leases

Effective 12/15/2020 (your FY 2021)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period *Effective 12/15/2020 (your FY 2021)*

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the City.

GASB 90 ■ Majority Equity Interests

Effective 12/15/2019 (your FY 2020)

This standard addresses situations in which a government acquires a majority of the equity interest in a legally separate organization, and whether such holdings should be reported as an investment or a component unit. We do not expect this standard to have any significant effect on the City.

GASB 91 ■ Conduit Debt Obligations

Effective 12/15/2021 (your FY 2022)

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the City.

Attachment B - Management Representations

For the June 30, 2019 Audit

The following pages contain the written representations that we requested from management.



CITY OF OAK PARK

OFFICE OF THE CITY MANAGER

Mayor
Marian McClellan
Mayor Pro Tem
Carolyn Burns
Council Members
Solomon Radner
Regina Weiss
Julie Edgar
City Manager
Erik Tungate

December 17, 2019

Rehmann Robson 675 Robinson Road Jackson, MI 49203

This representation letter is provided in connection with your audit of 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 Oak Park, Michigan (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the budgetary comparison for the General Fund and Major Streets Special Revenue Fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 17, 2019:

Financial Statements

- 1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 16, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 2. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- We acknowledge our responsibility 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.
- 4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families

- of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
- 7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 9. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 11. All funds and activities are properly classified.
- 12. All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 13. All components of net position and fund balance classifications have been properly reported.
- 14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 16. All interfund and intra-entity transactions and balances have been properly classified and reported.
- 17. Deposit and investment risks have been properly and fully disclosed.
- 18. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 19. All required supplementary information is measured and presented within the prescribed guidelines.
- 20. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Information Provided

- 21. We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- 22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 23. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 24. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- 25. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 26. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 27. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
- 28. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 29. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 30. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
- 31. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

32. There are no:

- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- 33. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 34. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 35. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

- 36. With respect to the supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.

- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

- 37. With respect to the required supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Erik Tungate, Gity Manager

Saundra Crawford, Director of Finance