

City of Oak Park,  
Michigan



Year Ended  
June 30, 2020

Comprehensive  
Annual Financial  
Report

Prepared by  
*Finance Department*

City Manager  
*Erik Tungate*

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# CITY OF OAK PARK, MICHIGAN

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## **INTRODUCTORY SECTION**

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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, 2020

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, 2020, 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, 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. The City Council is comprised of a Mayor, elected at-large every two years, and four Councilmembers, two elected at-large every four years. The 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 2019-2020:

- 1) The City's number one priority was preserving fund balance while maintaining existing essential city services during the worldwide COVID-19 pandemic. The City's overall general fund operations were running better than anticipated through February 2020, just before the pandemic caused a state-wide shutdown in March 2020. The City's general fund had an original budget that did not anticipate a decrease in fund balance but was amended to account for the significant revenue loss due to COVID-19. Due to the significant efforts on behalf of the entire City including temporary staffing reductions, spending freezes and other expenditure reductions, the amended operating budget resulted in a slight decrease to the fund balance in the general fund of only \$23,743, bringing total fund balance at June 30, 2020 to \$4,345,540 or 20.5% of expenditures and transfers. The slight decrease also includes \$283,500 of pay increase for fiscal year 20/21 that were paid in June 2020 to help staff financially during the COVID-19 pandemic. The ending fund balance continues to be in the targeted range for the fifth year in a row.
- 2) The second priority was to continue to address the long-term legacy costs. The City aggressively changed the amortization periods for both pension systems during fiscal year 18/19 from 24 years to 18 to accelerate the amount of contributions based on projected operations. Due to the significant loss in operating revenue citywide due to the COVID-19 pandemic, the City was forced to switch both systems back to the 24 year amortization. Based on the final favorable results of operations, the City was able to contribute \$102,609 and \$115,096 over the increased actuarially required public safety and employees pension contributions, respectively. Additionally, the amended budget had \$400,000 in excess of the pay-as-you-go contribution to the OPEB liability.
- 3) The third priority is to improve the quality of life for residents and business owners. The City continues to work toward this goal through economic development efforts and strategic investment in public safety, code enforcement, infrastructure, and public spaces. Economic development efforts are focused on attracting and retaining a mixture of robust businesses into the city. Strategic investments work as a tool to support those efforts and to ensure the City is meeting the quality-of-life expectations of current and future residents.



**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**

The 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.

Prior to the COVID-19 pandemic, the City continued 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. The significant short-term revenue losses and unbudgeted expenditures resulting from the pandemic has also brought on additional challenges with long-term planning.

**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 historically has not been required to have a single audit performed to test these controls, but due to the receipt of more than \$2 million in federal dollars related to the COVID-19 pandemic, one will be performed for both fiscal years June 30, 2020 and 2021. The single audits will be performed as required, 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 the City received more than \$750,000 in federal awards.

**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, 2020.

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, Certified Public Accountants. Each of them has our sincere thanks.

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

Sincerely,

*[Signature omitted for security purposes]*

Erik Tungate  
City Manager

# **CITY OF OAK PARK, MICHIGAN**

## **ELECTED AND APPOINTED OFFICIALS**

### **City Council**

Marian McClellan

***Mayor***

Carolyn Burns

***Mayor Pro-Tem***

Solomon Radner

Regina Weiss

Julie Edgar

***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

Karen White-Owens, 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

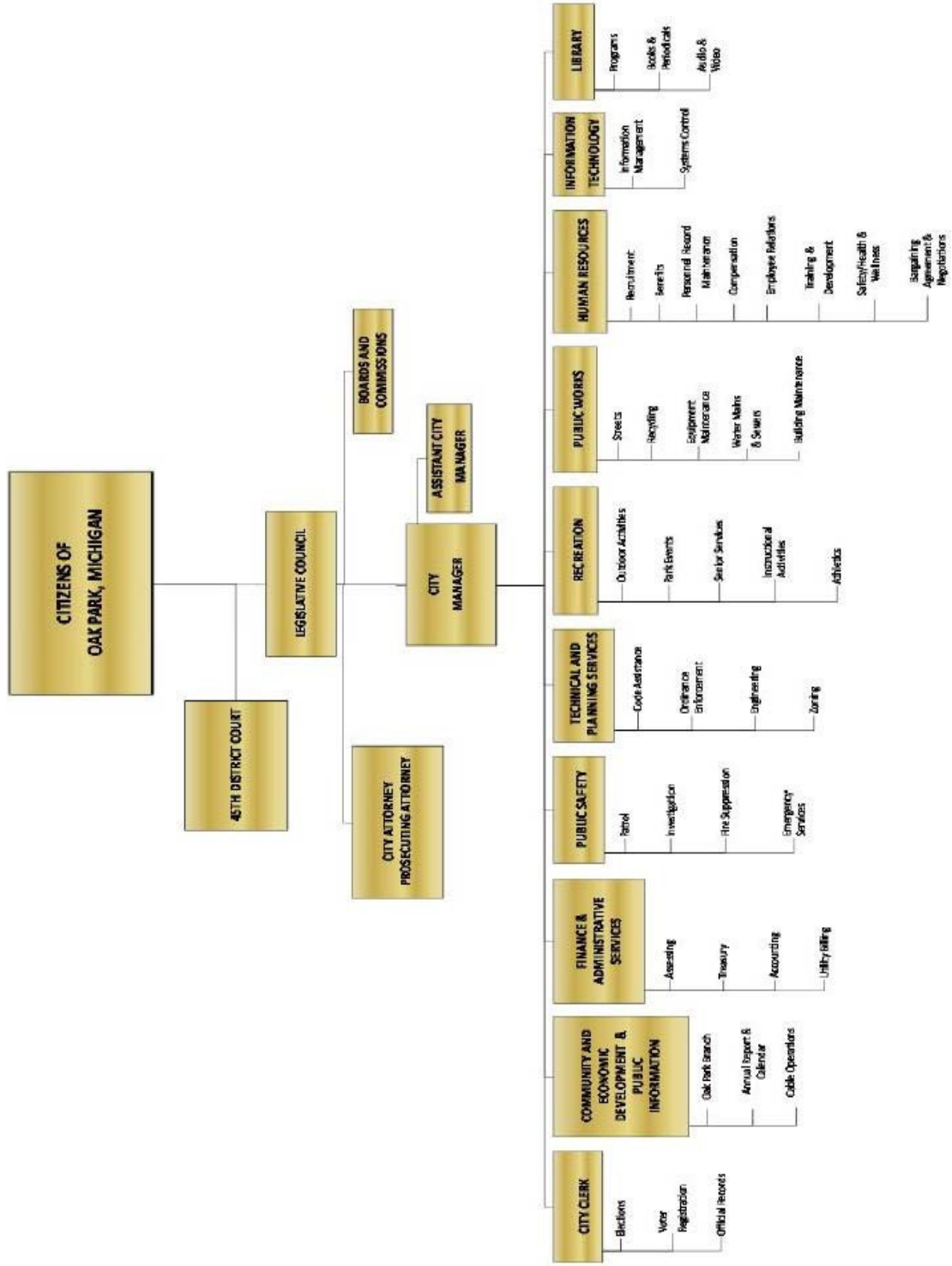
Vicky Brooks, Director of Human Resources & Operations

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

Crystal VanVleck, Director of Strategic Planning and Special Projects

# CITY OF OAK PARK, MICHIGAN

## Table of Organization





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, 2019

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

December 17, 2020

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, 2020, 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.

Rehmann is an independent member of Nexia International.



## ***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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund 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, 2020, 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 Lohman LLC*

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

# CITY OF OAK PARK, MICHIGAN

## 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, 2020. Please read it in conjunction with the financial statements.

### Financial Highlights

- The City's net position increased in the current year. Net position of the governmental activities increased by \$12.3 million, or 11.9 percent. Net position of the business-type activities increased by \$4.2 million, or 29.2 percent.
- The total cost of all of the City's governmental programs was \$19.3 million.
- In the City's business-type activities, revenues were \$14.5 million while expenses were \$10.3 million.
- The fund balance of the City's governmental funds reported a decrease of approximately \$300,000, or 2.6 percent from \$11.5 million to \$11.2 million.
- The general fund reported a decrease in fund balance of \$24,000, or 0.5 percent.
- The City's installment debt outstanding decreased \$3.3 million, or 11.1 percent, from \$30.2 million to \$26.9 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.
- 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.

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

- 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.

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

#### The City as a Whole

The City's total net position increased over the prior year from negative \$89.2 million to negative \$72.6 million. Our analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 14,023,347	\$ 14,695,701	\$ 7,655,876	\$ 7,316,303	\$ 21,679,223	\$ 22,012,004
Capital assets, net	42,141,621	41,690,147	30,047,436	28,875,711	72,189,057	70,565,858
<b>Total assets</b>	<b>56,164,968</b>	<b>56,385,848</b>	<b>37,703,312</b>	<b>36,192,014</b>	<b>93,868,280</b>	<b>92,577,862</b>
<b>Deferred outflows of resources</b>	<b>6,393,312</b>	<b>4,281,419</b>	<b>207,459</b>	<b>18,356</b>	<b>6,600,771</b>	<b>4,299,775</b>
Long-term debt	26,587,456	27,704,372	6,264,813	7,803,011	32,852,269	35,507,383
Pension and other postemployment benefits	116,743,908	132,855,819	11,846,392	12,766,684	128,590,300	145,622,503
Other liabilities	2,091,396	2,498,830	1,218,882	1,257,225	3,310,278	3,756,055
<b>Total liabilities</b>	<b>145,422,760</b>	<b>163,059,021</b>	<b>19,330,087</b>	<b>21,826,920</b>	<b>164,752,847</b>	<b>184,885,941</b>
<b>Deferred inflows of resources</b>	<b>8,343,257</b>	<b>1,156,179</b>	<b>-</b>	<b>-</b>	<b>8,343,257</b>	<b>1,156,179</b>
<b>Net position</b>						
Net investment in capital assets	18,246,707	16,135,780	25,860,979	23,682,823	44,107,686	39,818,603
Restricted	5,711,679	5,915,132	-	-	5,711,679	5,915,132
Unrestricted (deficit)	(115,166,123)	(125,598,845)	(7,280,295)	(9,299,373)	(122,446,418)	(134,898,218)
<b>Total net position</b>	<b>\$ (91,207,737)</b>	<b>\$ (103,547,933)</b>	<b>\$ 18,580,684</b>	<b>\$ 14,383,450</b>	<b>\$ (72,627,053)</b>	<b>\$ (89,164,483)</b>

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 unrestricted 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 increased by \$12.3 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 \$125.6 million at June 30, 2019 to negative \$115.2 million at the end of this year. The increase in unrestricted net position (decrease 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 \$4.2 million. This is due to a reduction of \$0.9 million in the net pension and other postemployment benefit liabilities, a \$1.0 million increase in charges for service revenue, and a reduction in operating expenses of \$2.0 million.



# CITY OF OAK PARK, MICHIGAN

## Management's Discussion and Analysis

		Change in Net Position										
		Governmental Activities		Business-type Activities		Total						
		2020	2019	2020	2019	2020	2019					
<b>Revenues</b>												
Program revenues:												
Charges for services	\$	5,769,064	\$	7,024,464	\$	14,365,681	\$	13,338,756	\$	20,134,745	\$	20,363,220
Operating grants and contributions		3,620,442		3,624,651		-		408,736		3,620,442		4,033,387
Capital grants and contributions		13,394		58,760		-		-		13,394		58,760
General revenues:												
Property taxes		17,806,967		17,639,267		-		-		17,806,967		17,639,267
State shared		3,460,549		3,611,586		-		-		3,460,549		3,611,586
Franchise fees		616,572		631,787		-		-		616,572		631,787
Unrestricted investment earnings		401,740		470,099		68,629		83,894		470,369		553,993
Other		-		-		26,207		9,517		26,207		9,517
<b>Total revenues</b>		<b>31,688,728</b>		<b>33,060,614</b>		<b>14,460,517</b>		<b>13,840,903</b>		<b>46,149,245</b>		<b>46,901,517</b>
<b>Expenses</b>												
General government		3,711,686		9,878,893		-		-		3,711,686		9,878,893
Judicial		596,073		3,067,582		-		-		596,073		3,067,582
Public safety		11,825,375		16,498,401		-		-		11,825,375		16,498,401
Road maintenance and repair		3,947,631		973,456		-		-		3,947,631		973,456
Public works		(3,355,639)		3,792,312		-		-		(3,355,639)		3,792,312
Health and sanitation		2,800,210		2,772,595		-		-		2,800,210		2,772,595
Culture and recreation		(209,601)		844,486		-		-		(209,601)		844,486
Library		(31,194)		946,003		-		-		(31,194)		946,003
Community development		(678,663)		624,666		-		-		(678,663)		624,666
Interest and fiscal charges		742,654		878,483		-		-		742,654		878,483
Water and sewer		-		-		10,263,283		12,282,252		10,263,283		12,282,252
<b>Total expenses</b>		<b>19,348,532</b>		<b>40,276,877</b>		<b>10,263,283</b>		<b>12,282,252</b>		<b>29,611,815</b>		<b>52,559,129</b>
Change in net position		12,340,196		(7,216,263)		4,197,234		1,558,651		16,537,430		(5,657,612)
<b>Net position</b>												
Beginning of year		(103,547,933)		(96,331,670)		14,383,450		12,824,799		(89,164,483)		(83,506,871)
<b>End of year</b>	\$	<b>(91,207,737)</b>	\$	<b>(103,547,933)</b>	\$	<b>18,580,684</b>	\$	<b>14,383,450</b>	\$	<b>(72,627,053)</b>	\$	<b>(89,164,483)</b>

The City's total revenue for all programs and services decreased 1.6 percent (\$752,000) from the prior year. This decrease is comprised of an increase in charges for services revenue in the business-type activities offset by a significant decline in ordinance fines (charges for services) and state revenue sharing (state shared).

The total cost of all programs and services decreased by 43.7 percent (\$22.9 million). This decrease is largely due to the following:

- There was a significant decrease in the net other postemployment benefit liability, resulting in significant reductions to expenses (resulting in many credit balances of expenses on the *Statement of Activities*). This is largely due to the significant changes in the difference between expected and actual experience and the changes in assumptions: mortality updated from RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, with MP-2017 (set-forward 10 years for disability); trend rates updated from Pre-65; 8.0% graded down to 5% over six years and 5.0% per annum for Medicare costs; timing of claims payments changed from middle of year to beginning of year; and discount rate updated from 3.0%.

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

- There was decrease in the additional contribution to postemployment retirement benefits over and above the pay-as-you go amount of \$800,000.

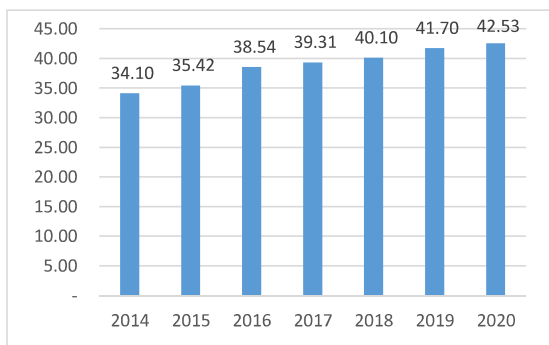
**Governmental activities.** Revenues for the City's governmental activities decreased by 4.1 percent (\$1.4 million), while total expenses decreased 52.0 percent (\$20.9 million), as previously discussed. The factors driving these changes in revenues include:

- Charges for service revenue fell \$1.26 million due to a drop in court revenue, elimination of all fourth quarter recreation fees, and reduced building and permit revenues primarily due to the statewide shutdown due to the COVID-19 pandemic.
- State shared revenue decreased \$150,000 due to the fourth quarter statewide shutdown resulting in a substantial reduction in sales tax collections.

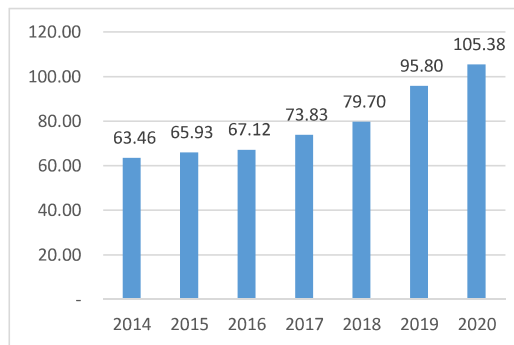
**Business-type activities.** The City has one business-type activity: the water and sewer system. Revenues of the City's water and sewer activity increased by 4.5 percent (\$620,000). Expenses decreased by 16.4 percent (\$2.0 million). The City reported net income of \$4.2 million in the water and sewer activity. This was an increase of \$2.6 million, from fiscal year 2019 net income of \$1.6 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.
- There was a significant decrease in the net other postemployment benefit liability, resulting in significant reductions to expenses. This is largely due to the significant changes in the difference between expected and actual experience and the changes in assumptions, as previously discussed.
- Water rates increased from \$41.70 in year 2018-2019 to \$42.53 per 1,000 cubic feet in fiscal year 2019-2020. Sewer rates increased from \$95.80 to \$105.38 per 1,000 cubic feet. A recent history of the City's water and sewer rates follows:

**Annual Water Rates**



**Annual Sewer Rates**



### The City's Funds

As the City completed the year, its governmental funds reported a total fund balance of \$11.2 million, which is less than last year's total of \$11.5 million. Included in this year's total change in fund balance is a decrease of approximately \$24,000 in the City's general fund. Refer below for further information regarding the significant changes in general fund revenues and expenditures.

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

#### General Fund Budgetary Highlights

Over the course of the year, 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 less than the final amended budgeted amount by \$279,613. Significant decreases from the final amended budgeted amounts included reduction in ordinance fines collected and state revenue sharing was less than anticipated.

The actual expenditures were \$944,175 less than the final budget amounts in the general fund. This is primarily due to the Community Center building renovations and park renovations postponed due to COVID-19 pandemic.

**General fund revenues.** The following paragraphs analyze the activities of the City's major operating fund. General fund revenues totaled \$20.9 million, a decrease of 4.3 percent over the prior year. Revenues by source were as follows:

General Fund Revenues					
	Fiscal Year		Percent of Total	Increase (Decrease)	% Change from Prior Year
	2020	2019			
Property taxes	\$ 13,490,150	\$ 13,185,525	64.49%	\$ 304,625	2.31%
Licenses and permits	650,884	704,039	3.11%	(53,155)	-7.55%
Intergovernmental	3,479,649	3,623,415	16.64%	(143,766)	-3.97%
Charges for services	426,064	559,147	2.04%	(133,083)	-23.80%
Fines and forfeits	1,545,465	2,156,468	7.39%	(611,003)	-28.33%
Franchise fees	616,572	631,787	2.95%	(15,215)	-2.41%
Interest income	223,886	246,900	1.07%	(23,014)	-9.32%
Other	483,914	757,564	2.31%	(273,650)	-36.12%
<b>Total</b>	<b>\$ 20,916,584</b>	<b>\$ 21,864,845</b>	<b>100.00%</b>	<b>\$ (948,261)</b>	<b>-4.34%</b>

Ad valorem taxes provide the City's primary source of revenue. The City's total tax rate is 35.046 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 Millage	2020 Rate	2019 Rate
Operating	15.7032	15.8571
Library	1.4315	1.4457
Solid waste/refuse	2.8349	2.8628
2012 debt	1.4828	1.6200
2015 debt	1.4418	1.5000
2010 debt	1.6387	1.7500
Recreation	0.4799	0.4847
Public safety	1.9353	1.9544
Headlee override	1.0979	1.1087
Public Safety Act 345	7.0000	7.0000
	<u>35.0460</u>	<u>35.5834</u>

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

Property tax revenue increase was due to citywide new development during the prior year (new taxable value) coupled with the inflationary increase of 1.9 percent.

License and permits revenue decrease was primarily due to a decrease in the various licenses/permits due to lesser activity relate to the COVID-19 pandemic.

Intergovernmental revenues decrease was primarily due to lower amounts received from the State due to decrease in sales tax collections and revenue sharing.

Charges for services decrease is due primarily to recreational programming cancellations due to the COVID-19 pandemic.

Fines and forfeits revenues decrease was primarily due to decreased ticket collection revenue by the district court due to the COVID-19 pandemic.

Franchise fees revenues decrease was primarily due to lower amounts received than anticipated, largely due to the COVID-19 pandemic.

Interest income decrease is attributable to lower gains on investments realized due to lower interest rates.

Other revenues decrease is primarily due to lower amounts received than anticipated in prescription drugs subsidy rebates on employees healthcare.

**General fund expenditures.** General fund expenditures were \$19.4 million, a decrease of \$275,000 million or 1.4 percent, over the prior year. Broken down by function, expenditures were as follows:

General Fund Expenditures					
	Fiscal Year		Percent of Total	Increase (Decrease)	% Change from Prior Year
	2020	2019			
General government	\$ 3,603,050	\$ 3,406,565	18.62%	\$ 196,485	5.77%
Public safety	11,106,115	10,796,004	57.39%	310,111	2.87%
Public works	1,028,015	760,891	5.31%	267,124	35.11%
Culture and recreation	544,031	578,873	2.81%	(34,842)	-6.02%
Community development	163,667	179,691	0.85%	(16,024)	-8.92%
Nondepartmental costs	2,907,183	3,905,535	15.02%	(998,352)	-25.56%
<b>Total</b>	<b>\$ 19,352,061</b>	<b>\$ 19,627,559</b>	<b>100.00%</b>	<b>\$ (275,498)</b>	<b>-1.40%</b>

General government expenditures increase is due to inflationary increases in costs and salaries along with fiscal year 2020-2021 raises being given to employees in June 2020 to help employees during the COVID-19 pandemic shutdown.

The public safety department increase is due primarily to backfill of positions and increased pension costs.

The public works department increase was primarily due to facility maintenance repairs and renovations.

Culture and recreation decrease is due primarily to decline in programming activities due to the COVID-19 pandemic.

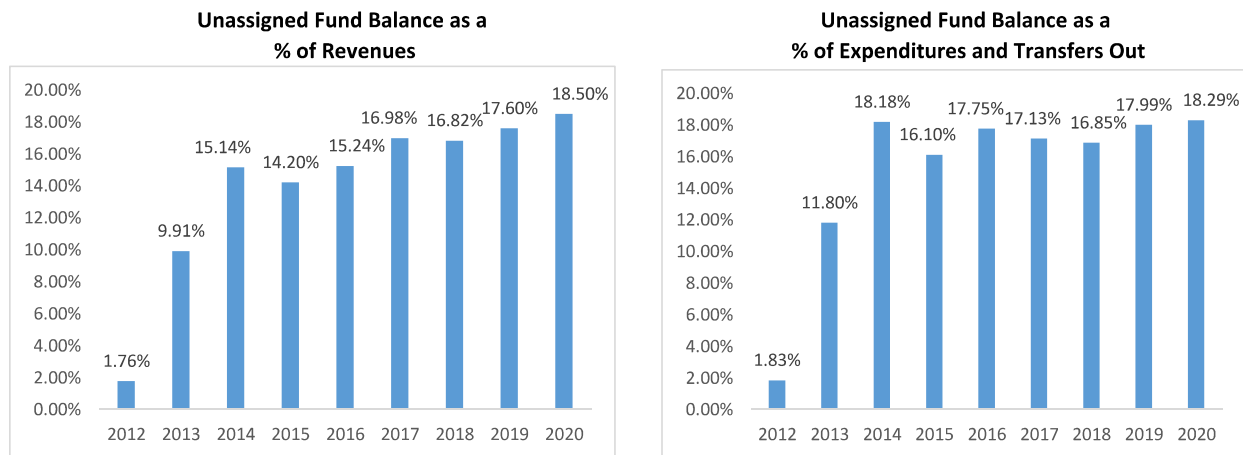
Community development decrease was primarily due to a reduction in zoning ordinance plan reviews.

Nondepartmental costs decrease was primarily due to reduction in additional voluntary contribution to the OPEB plan from \$1.2 million above the pay-as-you-go amount in fiscal 2019 to \$400,000 above the pay-as-you-go amount in fiscal 2020.

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

**General fund.** Fund balance at June 30, 2020 decreased by 0.5 percent or \$23,743 from the prior year. The unassigned (and available for appropriation portion of) fund balance increased by \$21,404 to a balance of \$3.9 million which provides the City with 67 days of expenditures, and is equivalent to 18.3 percent of annual expenditures and transfers. Our goal is to maintain this percentage at 8.3 to 18.0 percent (approximates 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 illustrated as follows:



### Capital Asset and Debt Administration

**Capital assets.** At June 30, 2020, the City had \$72.2 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		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,653,109	\$ 1,653,109	\$ 11,502	\$ 11,502	\$ 1,664,611	\$ 1,664,611
Rights-of-way	600,818	600,818	-	-	600,818	600,818
Work in progress	3,556,719	1,417,144	3,660,544	2,357,609	7,217,263	3,774,753
Infrastructure - roads	16,373,700	17,877,530	-	-	16,373,700	17,877,530
Infrastructure - sidewalks	2,049,040	2,235,039	-	-	2,049,040	2,235,039
Infrastructure - systems	-	-	26,152,595	26,444,396	26,152,595	26,444,396
Buildings	14,498,973	14,716,108	-	434	14,498,973	14,716,542
Improvements	1,691,605	1,856,766	-	-	1,691,605	1,856,766
Library collection	201,391	202,299	-	-	201,391	202,299
Vehicles and equipment	1,306,639	939,369	222,795	61,770	1,529,434	1,001,139
Other equipment	209,627	191,965	-	-	209,627	191,965
<b>Total capital assets, net</b>	<b>\$ 42,141,621</b>	<b>\$ 41,690,147</b>	<b>\$ 30,047,436</b>	<b>\$ 28,875,711</b>	<b>\$ 72,189,057</b>	<b>\$ 70,565,858</b>

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 percent of the total assessed value of real and personal property as certified by the City Assessor. The City's net debt of \$22,760,159 is 3.2 percent of assessed value, and provides a legal debt margin of \$48,758,888. Net general bonded debt per capita equaled \$711.

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

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

At year-end, the City had \$26,876,457 in installment debt outstanding versus \$30,217,888 last year, a decrease of 11.1 percent, as shown in the table below.

	Installment Debt					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds (backed by the City)	\$ 20,780,000	\$ 23,035,000	\$ 4,186,457	\$ 5,192,888	\$ 24,966,457	\$ 28,227,888
Capital lease	1,910,000	1,990,000	-	-	1,910,000	1,990,000
<b>Total</b>	<b>\$ 22,690,000</b>	<b>\$ 25,025,000</b>	<b>\$ 4,186,457</b>	<b>\$ 5,192,888</b>	<b>\$ 26,876,457</b>	<b>\$ 30,217,888</b>

At June 30, 2020, the 2010 municipal complex bonds, the 2012 street improvement refunding bonds, the 2015 street improvement refunding bonds, and the 2020 refunding 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 2019-2020 was 4.5633 mills. Requirements for general obligation bonds will decrease until all bonds are paid off in May 2036.

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, 2020, the City is obligated to pay \$4,186,457. 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 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 \$71,519,047 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 2.31% for fiscal year 2019-2020 and is expected to have a modest increase in the following year (4.0% expected for 2020-2021). 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 August 2018, the voters approved the renewal of the Act 345 retirement system millage 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 2019-2020 fiscal year. In fiscal years 2018-2019 and 2019-2020, 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 \$740 per capita and 4.25% of actual taxable value of property.

## CITY OF OAK PARK, MICHIGAN

### Management's Discussion and Analysis

The City's elected and appointed officials considered many factors when setting the fiscal year 2020-2021 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 23.1 percent versus 6.2 percent a year ago. This compares with the State's unemployment rate of 14.8 percent and the national rate of 11.1 percent.

These indicators were taken into account when adopting the general fund budget for fiscal year 2020-2021. The fiscal year 2020-2021 budget was adopted in May 2020. Amounts available for appropriation in the general fund budget are \$21.721 million, an increase of 7.0 percent over the estimated fiscal year 2019-2020 amount of \$20.296 million. Property tax revenue is budgeted to increase slightly by 4.0 percent. Overall, revenues are expected to remain relatively flat. Budgeted expenditures are expected to increase, to \$21.721 million from \$20.296 million in fiscal year 2019-2020. The City has added no new major programs or initiatives to the fiscal year 2020-2021 budget.

The expense plan for the water and sewer fund for fiscal year 2020-2021 is \$14,696,942 an increase of \$0.168 million from fiscal year 2019-2020. The plan includes an overall increase in water and sewer rates of 6.71 percent, a decrease from fiscal year 2019-2020 increase of 7.57 percent. 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 10 bonds have been issued to pay for the costs. The City is responsible for 13.48 percent 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 2020-2021.

#### 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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# CITY OF OAK PARK, MICHIGAN

## Statement of Net Position

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 11,576,217	\$ 2,565,326	\$ 14,141,543	\$ 855,594
Receivables	1,938,507	5,090,521	7,029,028	-
Prepaid items	508,623	29	508,652	-
Capital assets not being depreciated	5,810,646	3,672,046	9,482,692	-
Capital assets being depreciated, net	36,330,975	26,375,390	62,706,365	-
<b>Total assets</b>	<b>56,164,968</b>	<b>37,703,312</b>	<b>93,868,280</b>	<b>855,594</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	6,013,608	199,818	6,213,426	-
Deferred other postemployment benefit amounts	114,725	7,641	122,366	-
Deferred charge on refunding	264,979	-	264,979	-
<b>Total deferred outflows of resources</b>	<b>6,393,312</b>	<b>207,459</b>	<b>6,600,771</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	2,091,396	1,218,882	3,310,278	528,942
Long-term debt:				
Due within one year	2,509,273	1,705,516	4,214,789	-
Due in more than one year	24,078,183	4,559,297	28,637,480	-
Other liabilities due in more than one year:				
Net pension liability	56,622,738	7,687,852	64,310,590	-
Net other postemployment benefit liability	60,121,170	4,158,540	64,279,710	-
<b>Total liabilities</b>	<b>145,422,760</b>	<b>19,330,087</b>	<b>164,752,847</b>	<b>528,942</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	391,984	-	391,984	-
Deferred other postemployment benefit amounts	7,951,273	-	7,951,273	-
<b>Total deferred inflows of resources</b>	<b>8,343,257</b>	<b>-</b>	<b>8,343,257</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	18,246,707	25,860,979	44,107,686	-
Restricted for:				
Capital projects	222,701	-	222,701	-
Debt service	594,510	-	594,510	-
Judicial	236,950	-	236,950	-
Public safety	71,560	-	71,560	-
Road maintenance and repair	2,760,682	-	2,760,682	-
Public works	1,711,284	-	1,711,284	-
Library	113,992	-	113,992	-
Unrestricted (deficit)	(115,166,123)	(7,280,295)	(122,446,418)	326,652
<b>Total net position</b>	<b>\$ (91,207,737)</b>	<b>\$ 18,580,684</b>	<b>\$ (72,627,053)</b>	<b>\$ 326,652</b>

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

# CITY OF OAK PARK, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 3,711,686	\$ 3,391,331	\$ 31,247	\$ 13,394	\$ (275,714)
Judicial	596,073	155,315	644,985	-	204,227
Public safety	11,825,375	40,477	24,618	-	(11,760,280)
Road maintenance and repair	3,947,631	355,285	2,717,669	-	(874,677)
Public works	(3,355,639)	215,798	-	-	3,571,437
Health and sanitation	2,800,210	1,590,085	-	-	(1,210,125)
Culture and recreation	(209,601)	-	-	-	209,601
Library	(31,194)	20,773	93,109	-	145,076
Community development	(678,663)	-	108,814	-	787,477
Interest and fiscal charges	742,654	-	-	-	(742,654)
Total governmental activities	19,348,532	5,769,064	3,620,442	13,394	(9,945,632)
Business-type activities -					
Water and sewer	10,263,283	14,365,681	-	-	4,102,398
<b>Total primary government</b>	<u>\$ 29,611,815</u>	<u>\$ 20,134,745</u>	<u>\$ 3,620,442</u>	<u>\$ 13,394</u>	<u>\$ (5,843,234)</u>
<b>Component units</b>					
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	541,628	-	-	-	(541,628)
Corridor Improvement Authority	19,116	16,744	-	-	(2,372)
<b>Total component units</b>	<u>\$ 560,744</u>	<u>\$ 16,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (544,000)</u>

continued...

# CITY OF OAK PARK, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Change in net position</b>				
Net (expense) revenue	\$ (9,945,632)	\$ 4,102,398	\$ (5,843,234)	\$ (544,000)
General revenues:				
Property taxes levied for:				
General purposes	15,469,151	-	15,469,151	844,121
Debt service	2,337,816	-	2,337,816	-
State shared revenues	3,460,549	-	3,460,549	500
Franchise fees	616,572	-	616,572	-
Investment earnings	401,740	68,629	470,369	1,021
Other	-	26,207	26,207	-
Total general revenues	22,285,828	94,836	22,380,664	845,642
<b>Change in net position</b>	12,340,196	4,197,234	16,537,430	301,642
Net position, beginning of year	(103,547,933)	14,383,450	(89,164,483)	25,010
<b>Net position, end of year</b>	<u>\$ (91,207,737)</u>	<u>\$ 18,580,684</u>	<u>\$ (72,627,053)</u>	<u>\$ 326,652</u>

concluded.

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

# CITY OF OAK PARK, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 4,192,152	\$ 6,951,217	\$ 11,143,369
Receivables:			
Taxes	24,637	-	24,637
Special assessments	-	276,606	276,606
Accounts	218,823	591,136	809,959
Due from other governments	401,804	425,501	827,305
Due from other funds	38,877	-	38,877
Prepaid items	476,775	82	476,857
<b>Total assets</b>	<u>\$ 5,353,068</u>	<u>\$ 8,244,542</u>	<u>\$ 13,597,610</u>
<b>Liabilities</b>			
Accounts payable	\$ 410,618	\$ 892,705	\$ 1,303,323
Accrued liabilities	514,256	146,707	660,963
Due to other funds	-	38,877	38,877
<b>Total liabilities</b>	<u>924,874</u>	<u>1,078,289</u>	<u>2,003,163</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - charges for services	82,654	-	82,654
Unavailable revenue - special assessments	-	264,850	264,850
Unavailable revenue - grants	-	24,950	24,950
<b>Total deferred inflows of resources</b>	<u>82,654</u>	<u>289,800</u>	<u>372,454</u>
<b>Fund balances</b>			
Nonspendable	476,775	82	476,857
Restricted	-	5,580,415	5,580,415
Assigned	-	1,309,481	1,309,481
Unassigned (deficit)	3,868,765	(13,525)	3,855,240
<b>Total fund balances</b>	<u>4,345,540</u>	<u>6,876,453</u>	<u>11,221,993</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 5,353,068</u>	<u>\$ 8,244,542</u>	<u>\$ 13,597,610</u>

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

## CITY OF OAK PARK, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2020

<b>Fund balances - total governmental funds</b>	<b>\$ 11,221,993</b>
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources,  
and therefore are not reported in the fund financial statements.

Capital assets not being depreciated	5,810,646
Capital assets being depreciated, net	36,330,975
Less net capital assets accounted for in internal service funds	(1,306,639)

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 charges for services receivable	82,654
Unavailable long-term special assessments receivable	264,850
Unavailable grants receivable	24,950

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	1,744,677
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Certain liabilities, such as bonds payable, are not due and payable  
in the current period, and therefore are not reported in the funds.

Accrued interest on long-term debt	(100,534)
Bonds and capital lease payable	(22,690,000)
Unamortized bond premium	(1,514,451)
Accrued compensated absences	(2,383,005)
Deferred charge on refunding	264,979

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.

Net pension liability	(56,622,738)
Deferred outflows related to the net pension liability	6,013,608
Deferred inflows related to the net pension liability	(391,984)
Net other postemployment benefit liability	(60,121,170)
Deferred outflows related to the net other postemployment benefit liability	114,725
Deferred inflows related to the net other postemployment benefit liability	(7,951,273)

<b>Net position of governmental activities</b>	<b>\$ (91,207,737)</b>
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The accompanying notes are an integral part of these basic financial statements.

# CITY OF OAK PARK, MICHIGAN

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

Governmental Funds

For the Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 13,490,150	\$ 4,457,756	\$ 17,947,906
Special assessments	-	244,759	244,759
Licenses and permits	650,884	-	650,884
Intergovernmental:			
Federal grants	229	125,415	125,644
State grants	3,479,420	3,468,434	6,947,854
Charges for services	426,064	1,743,801	2,169,865
Fines and forfeitures	1,545,465	121,520	1,666,985
Franchise fees	616,572	-	616,572
Interest income	223,886	173,403	397,289
Other	483,914	601,365	1,085,279
<b>Total revenues</b>	<b>20,916,584</b>	<b>10,936,453</b>	<b>31,853,037</b>
<b>Expenditures</b>			
Current:			
General government	3,603,050	-	3,603,050
Judicial	-	2,361,940	2,361,940
Public safety	11,106,115	42,604	11,148,719
Road maintenance and repair	-	4,016,353	4,016,353
Public works	1,028,015	39,695	1,067,710
Health and sanitation	-	2,800,210	2,800,210
Culture and recreation	544,031	-	544,031
Library	-	562,446	562,446
Community development	163,667	290,292	453,959
Nondepartmental costs	2,907,183	-	2,907,183
Debt service:			
Principal	-	1,580,000	1,580,000
Interest and fiscal charges	-	1,079,109	1,079,109
<b>Total expenditures</b>	<b>19,352,061</b>	<b>12,772,649</b>	<b>32,124,710</b>
Revenues over (under) expenditures	1,564,523	(1,836,196)	(271,673)
<b>Other financing sources (uses)</b>			
Issuance of long-term debt	-	9,145,000	9,145,000
Premium on issuance of long-term debt	-	849,782	849,782
Payments to refund bond escrow agent	-	(10,023,119)	(10,023,119)
Transfers in	215,000	12,459,286	12,674,286
Transfers out	(1,803,266)	(10,871,020)	(12,674,286)
<b>Total other financing sources (uses)</b>	<b>(1,588,266)</b>	<b>1,559,929</b>	<b>(28,337)</b>
<b>Net change in fund balances</b>	<b>(23,743)</b>	<b>(276,267)</b>	<b>(300,010)</b>
Fund balances, beginning of year	4,369,283	7,152,720	11,522,003
<b>Fund balances, end of year</b>	<b>\$ 4,345,540</b>	<b>\$ 6,876,453</b>	<b>\$ 11,221,993</b>

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



## CITY OF OAK PARK, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2020

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (300,010)</b>
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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	3,022,232
Less capital assets purchased / constructed accounted for in internal service funds	(566,069)
Depreciation expense	(2,570,758)
Less depreciation expense accounted for in internal service funds	198,799

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	(140,939)
Net change in deferred inflows for grants receivable	(27,821)

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.

Issuance of long-term debt	(9,145,000)
Premium on issuance of long-term debt	(849,782)
Payments to refund bond escrow agent	10,023,119
Principal payments on long-term debt	1,580,000

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	162,395
Amortization of deferred charge on refunding	(12,896)
Change in net pension liability and related deferred amounts	(4,957,401)
Change in net other postemployment benefit liability	15,883,904
Change in the accrual for compensated absences	(431,464)

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 income from governmental activities in internal service funds	467,436
Interest income from internal service funds	4,451

<b>Change in net position of governmental activities</b>	<b>\$ 12,340,196</b>
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The accompanying notes are an integral part of these basic financial statements.

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 13,304,308	\$ 13,495,349	\$ 13,490,150	\$ (5,199)
Licenses and permits	583,030	625,030	650,884	25,854
Intergovernmental:				
Federal grants	-	2,000	229	(1,771)
State grants	3,765,048	3,586,048	3,479,420	(106,628)
Charges for services	654,810	489,066	426,064	(63,002)
Fines and forfeitures	1,900,000	1,659,000	1,545,465	(113,535)
Franchise fees	654,447	646,172	616,572	(29,600)
Interest income	218,316	222,907	223,886	979
Other	269,350	470,625	483,914	13,289
<b>Total revenues</b>	<b>21,349,309</b>	<b>21,196,197</b>	<b>20,916,584</b>	<b>(279,613)</b>
<b>Expenditures</b>				
General government:				
City council	68,644	58,795	56,938	(1,857)
City manager	369,521	372,113	364,519	(7,594)
Human resources	388,232	394,232	343,264	(50,968)
Information technology	343,635	343,635	262,574	(81,061)
City attorney	264,600	264,600	254,682	(9,918)
Prosecuting attorney	69,160	69,160	69,160	-
City clerk	355,969	368,969	354,771	(14,198)
Finance and administrative services	1,208,239	1,216,899	1,215,797	(1,102)
Public information	206,080	248,618	229,106	(19,512)
Technical and planning services	1,210,375	1,314,325	1,192,944	(121,381)
Less reimbursements from other funds for finance and administrative services	(738,600)	(736,675)	(740,705)	(4,030)
<b>Total general government</b>	<b>3,745,855</b>	<b>3,914,671</b>	<b>3,603,050</b>	<b>(311,621)</b>
Public safety:				
General	10,547,003	10,948,665	10,895,657	(53,008)
K9 unit	196,321	210,521	210,458	(63)
<b>Total public safety</b>	<b>10,743,324</b>	<b>11,159,186</b>	<b>11,106,115</b>	<b>(53,071)</b>
Public works:				
Building and maintenance	960,442	1,176,014	800,578	(375,436)
Administration	17,858	22,048	17,292	(4,756)
Shepherd Park	195,622	151,622	85,679	(65,943)
Other parks	349,350	144,350	124,466	(19,884)
<b>Total public works</b>	<b>1,523,272</b>	<b>1,494,034</b>	<b>1,028,015</b>	<b>(466,019)</b>

continued...

# CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - General Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Culture and recreation:				
Administration	\$ 397,558	\$ 382,760	\$ 357,467	\$ (25,293)
Athletics	33,819	23,819	15,993	(7,826)
Outdoor activities	67,870	45,990	30,889	(15,101)
Instructional activities	23,000	23,000	12,753	(10,247)
Special recreation activities	28,800	23,400	23,107	(293)
Swimming pool	125,032	60,826	60,821	(5)
Senior services	52,850	43,150	43,001	(149)
Total culture and recreation	728,929	602,945	544,031	(58,914)
Community development	198,897	167,569	163,667	(3,902)
Nondepartmental costs	2,664,201	2,957,831	2,907,183	(50,648)
<b>Total expenditures</b>	19,604,478	20,296,236	19,352,061	(944,175)
Revenues over expenditures	1,744,831	899,961	1,564,523	664,562
<b>Other financing sources (uses)</b>				
Transfers in	215,000	215,000	215,000	-
Transfers out	(1,959,831)	(1,878,119)	(1,803,266)	(74,853)
<b>Total other financing sources (uses)</b>	(1,744,831)	(1,663,119)	(1,588,266)	74,853
<b>Net change in fund balance</b>	-	(763,158)	(23,743)	739,415
Fund balance, beginning of year	4,369,283	4,369,283	4,369,283	-
<b>Fund balance, end of year</b>	\$ 4,369,283	\$ 3,606,125	\$ 4,345,540	\$ 739,415

concluded.

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

# CITY OF OAK PARK, MICHIGAN

## Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 2,565,326	\$ 432,848
Receivables:		
Special assessments	1,400	-
Accounts	5,024,092	-
Due from other governments	65,029	-
Prepaid items	29	31,766
Total current assets	7,655,876	464,614
Noncurrent assets:		
Capital assets not being depreciated	3,672,046	-
Capital assets being depreciated, net	26,375,390	1,306,639
Total noncurrent assets	30,047,436	1,306,639
<b>Total assets</b>	<b>37,703,312</b>	<b>1,771,253</b>
<b>Deferred outflows of resources</b>		
Deferred pension amounts	199,818	-
Deferred other postemployment benefit amounts	7,641	-
<b>Total deferred outflows of resources</b>	<b>207,459</b>	<b>-</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,134,343	23,896
Accrued liabilities	59,236	2,680
Accrued interest payable	25,303	-
Current portion of:		
Accrued compensated absences	88,647	-
Claims and judgments	587,500	-
Bonds payable	1,029,369	-
Total current liabilities	2,924,398	26,576
Noncurrent liabilities:		
Accrued compensated absences, net of current portion	227,209	-
Claims and judgments, net of current portion	1,175,000	-
Bonds payable, net of current portion	3,157,088	-
Net pension liability	7,687,852	-
Net other postemployment benefit liability	4,158,540	-
Total noncurrent liabilities	16,405,689	-
<b>Total liabilities</b>	<b>19,330,087</b>	<b>26,576</b>
<b>Net position</b>		
Net investment in capital assets	25,860,979	1,306,639
Unrestricted (deficit)	(7,280,295)	438,038
<b>Total net position</b>	<b>\$ 18,580,684</b>	<b>\$ 1,744,677</b>

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

## CITY OF OAK PARK, MICHIGAN

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

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
<b>Operating revenues</b>		
Charges for services	\$ 14,365,681	\$ 1,742,865
Fines and forfeitures	-	143,846
Other	26,207	61,502
<b>Total operating revenues</b>	<b>14,391,888</b>	<b>1,948,213</b>
<b>Operating expenses</b>		
Water	1,417,180	-
Sewage treatment	5,851,909	-
Transmission and distribution	960,981	-
Maintenance and operation	534,620	-
Customer accounting and collection	197,437	-
General and administration	355,544	-
Depreciation	826,279	198,799
Wages and benefits	-	535,501
Insurance	-	386,842
Gasoline	-	129,546
Professional services	-	72,468
Supplies	-	157,621
<b>Total operating expenses</b>	<b>10,143,950</b>	<b>1,480,777</b>
Operating income	4,247,938	467,436
<b>Nonoperating revenues (expenses)</b>		
Interest income	68,629	4,451
Interest expense	(119,333)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(50,704)</b>	<b>4,451</b>
<b>Change in net position</b>	<b>4,197,234</b>	<b>471,887</b>
Net position, beginning of year	14,383,450	1,272,790
<b>Net position, end of year</b>	<b>\$ 18,580,684</b>	<b>\$ 1,744,677</b>

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

## CITY OF OAK PARK, MICHIGAN

### Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 13,173,468	\$ -
Receipts from interfund services	-	1,770,926
Other receipts	26,207	205,348
Payments to suppliers	(9,132,088)	(731,015)
Payments to employees	(1,271,518)	(534,569)
<b>Net cash provided by operating activities</b>	<u>2,796,069</u>	<u>710,690</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(1,998,004)	(566,069)
Principal paid on long-term debt	(1,593,931)	-
Interest paid on long-term debt	(125,379)	-
<b>Net cash used in capital and related financing activities</b>	<u>(3,717,314)</u>	<u>(566,069)</u>
<b>Cash flows from investing activities</b>		
Interest and dividends	<u>68,629</u>	<u>4,451</u>
<b>Net change in cash and investments</b>	(852,616)	149,072
Cash and investments, beginning of year	<u>3,417,942</u>	<u>283,776</u>
<b>Cash and investments, end of year</b>	<u><u>\$ 2,565,326</u></u>	<u><u>\$ 432,848</u></u>

continued...

## CITY OF OAK PARK, MICHIGAN

### Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 4,247,938	\$ 467,436
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	826,279	198,799
Change in assets and liabilities:		
Special assessments receivable	200	-
Accounts receivable	(1,190,478)	28,061
Due from other governments	(1,935)	-
Prepaid items	24	26,848
Deferred outflows of resources - pension amounts	(186,214)	-
Deferred outflows of resources - other postemployment benefit amount	(2,889)	-
Accounts payable	(41,427)	(11,029)
Accrued liabilities	9,130	575
Accrued compensated absences	55,733	-
Net pension liability	776,940	-
Net other postemployment benefit liability	(1,697,232)	-
<b>Net cash provided by operating activities</b>	<b>\$ 2,796,069</b>	<b>\$ 710,690</b>

concluded.

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

# CITY OF OAK PARK, MICHIGAN

## Statement of Fiduciary Net Position

June 30, 2020

	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 4,178,182	\$ 792,825
Investments, at fair value:		
Equity mutual funds	45,157,795	-
Fixed income mutual funds	17,134,544	-
Money market accounts	3,120,195	-
Due from other governments	-	29,223
Prepaid items	33,694	-
<b>Total assets</b>	<u>69,624,410</u>	<u>\$ 822,048</u>
<b>Liabilities</b>		
Accounts payable	682,649	\$ -
Undistributed receipts	-	822,048
<b>Total liabilities</b>	<u>682,649</u>	<u>\$ 822,048</u>
<b>Net position</b>		
Restricted for pension and other postemployment benefits	<u>\$ 68,941,761</u>	

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



## CITY OF OAK PARK, MICHIGAN

### Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

	Pension and Other Employee Benefit Trust Funds
<b>Additions</b>	
Contributions:	
Employer	\$ 7,547,613
Plan members	549,900
Total contributions	<u>8,097,513</u>
Investment income:	
Net change in fair value of investments	217,754
Interest	71,529
Dividends	<u>1,449,821</u>
Total investment income	<u>1,739,104</u>
Less: investment expense	<u>(238,839)</u>
Net investment income	<u>1,500,265</u>
<b>Total additions</b>	<u>9,597,778</u>
<b>Deductions</b>	
Benefits	10,060,946
Administration	<u>4,516</u>
<b>Total deductions</b>	<u>10,065,462</u>
<b>Change in net position</b>	(467,684)
Net position, beginning of year	<u>69,409,445</u>
<b>Net position, end of year</b>	<u><u>\$ 68,941,761</u></u>

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

## CITY OF OAK PARK, MICHIGAN

### Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2020

	Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total Component Units
<b>Assets</b>				
Cash and investments	\$ 12,624	\$ 764,566	\$ 78,404	\$ 855,594
<b>Liabilities</b>				
Accounts payable	-	526,257	2,685	528,942
<b>Net position</b>				
Unrestricted	\$ 12,624	\$ 238,309	\$ 75,719	\$ 326,652

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

## CITY OF OAK PARK, MICHIGAN

### Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2020

	Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total Component Units
<b>Expenses</b>				
Community development	\$ -	\$ 541,628	\$ 19,116	\$ 560,744
<b>General revenues</b>				
Property taxes	-	772,850	71,271	844,121
State shared revenues	-	500	-	500
Investment earnings	241	-	780	1,021
Other	-	-	16,744	16,744
<b>Total general revenues</b>	<u>241</u>	<u>773,350</u>	<u>88,795</u>	<u>862,386</u>
<b>Changes in net position</b>	241	231,722	69,679	301,642
Net position, beginning of year	<u>12,383</u>	<u>6,587</u>	<u>6,040</u>	<u>25,010</u>
<b>Net position, end of year</b>	<u>\$ 12,624</u>	<u>\$ 238,309</u>	<u>\$ 75,719</u>	<u>\$ 326,652</u>

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

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## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF OAK PARK, MICHIGAN

## 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. The EDC does not issue a separate financial report.

**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. The Brownfield Redevelopment Authority does not issue a separate financial report.

**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. The Corridor Improvement Authority does not issue a separate financial report.

## Notes to Financial Statements

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the *statement of net position* and the *statement of activities*) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

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.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

The City reports the following major governmental fund -

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 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.

*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.



## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes 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.

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

##### ***Cash and Investments***

The City's cash and investments 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.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

#### *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.

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.

### Notes to Financial Statements

#### ***Long-term Obligations***

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

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

#### ***Special Assessments***

Special assessments, if any, are recorded as revenues in the fund financial statements 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.

### Notes to Financial Statements

#### ***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.

#### ***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 investments 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.

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

### *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.

## 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.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

#### 3. EXCESS OF EXPENDITURES OVER BUDGET AND FUND BALANCE DEFICITS

P.A. 621 of 1978 of the State, 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.

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	\$ (253)
Veterans Treatment Court Grant Fund	(719)
Mental Health Court Grant Fund	(12,553)

#### 4. BUILDING PERMITS AND RELATED COSTS

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

Shortfall at July 1, 2019	\$ (305,286)
Current year building permit revenue	289,041
Related costs	<u>(338,372)</u>
Cumulative shortfall at June 30, 2020	<u><u>\$ (354,617)</u></u>

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

### 5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2020:

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and investments	\$ 14,141,543	\$ 855,594	\$ 14,997,137
<b>Statement of fiduciary net position</b>			
Pension and other employee benefit trust funds:			
Cash and cash equivalents	4,178,182	-	4,178,182
Investments	65,412,534	-	65,412,534
Agency funds -			
Cash and cash equivalents	792,825	-	792,825
<b>Total</b>	<u>\$ 84,525,084</u>	<u>\$ 855,594</u>	<u>\$ 85,380,678</u>
<b>Deposits and investments</b>			
Bank deposits -			
Checking, savings accounts, and certificates of deposit			\$ 3,482,131
Treasurer's investments			16,480,985
Pension and other employee benefit trust funds investments			65,412,534
Cash on hand			5,028
<b>Total</b>			<u>\$ 85,380,678</u>

#### 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, \$3,194,632 of the City's bank balance of \$3,944,632 (book balance of \$3,482,131) 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.

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

### 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.

Following is a summary of the City's investments as of June 30, 2020:

Municipal bonds	\$ 2,211,263
Commercial paper	1,249,537
Money market accounts	293
Oakland County Investment Pool	<u>13,019,892</u>
<b>Total</b>	<b><u>\$ 16,480,985</u></b>

*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:

Rating		Amount
Moody's	S&P	
AA1	N/A	\$ 559,821
A2	AA	405,871
A-1	P-1	249,887
A-2	P-2	999,650
N/A	AA	1,245,571
Not rated	Not rated	<u>13,020,185</u>
		<b><u>\$ 16,480,985</u></b>

*Concentration of Credit Risk.* At June 30, 2020, 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
Commercial paper	Catholic Health Initiatives	6.07%
Oakland County Investment Pool	Oakland County	79.00%

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



## CITY OF OAK PARK, MICHIGAN

### 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:

	Fair Value	Investment Maturities (fair value by years)	
		Less Than 1	1-5
Municipal bonds	\$ 2,211,263	\$ 2,158,545	\$ 52,718
Commercial paper	1,249,537	1,249,537	-
	<u>\$ 3,460,800</u>	<u>\$ 3,408,082</u>	<u>\$ 52,718</u>

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, 2020:

	Level 1	Level 2	Level 3	Total
Municipal bonds	\$ -	\$ 2,211,263	\$ -	\$ 2,211,263
Commercial paper	-	1,249,537	-	1,249,537
Money market accounts	-	293	-	293
	<u>\$ -</u>	<u>\$ 3,461,093</u>	<u>\$ -</u>	<u>\$ 3,461,093</u>

#### Investments measured at NAV

Oakland County Investment Pool	<u>13,019,892</u>
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<b>Total investments</b>	<u><u>\$ 16,480,985</u></u>
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## CITY OF OAK PARK, MICHIGAN

### 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, 2020:

Investment Type	Amount
Equity mutual funds	\$ 45,157,795
Fixed income mutual funds	17,134,544
Money market accounts	<u>3,120,195</u>
<b>Total investments</b>	<b><u>\$ 65,412,534</u></b>

*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, 2020, 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, 2020, the annual money-weighted rate of return on pension and other postemployment benefits investments, net of investment expense, was as follows:

• Employees' Retirement System	1.97%
• Public Safety Employees' Retirement System	2.18%
• General Retiree Healthcare Plan:	2.76%
• Public Safety Retiree Healthcare Plan:	2.80%

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

## CITY OF OAK PARK, MICHIGAN

### 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, 2020:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 45,157,795	\$ -	\$ -	\$ 45,157,795
Fixed income mutual funds	17,134,544	-	-	17,134,544
Money market accounts	3,120,195	-	-	3,120,195
<b>Total investments</b>	<b>\$ 65,412,534</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,412,534</b>

The fair value of the City's Level 1 investments is based on quotes from publicly traded securities markets, where available. 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
Taxes receivable	\$ 24,637	\$ -
Special assessments receivable	276,606	1,400
Accounts receivable	809,959	5,024,092
Due from other governments	827,305	65,029
	<u>\$ 1,938,507</u>	<u>\$ 5,090,521</u>
Not expected to be collected within one year	<u>\$ 276,354</u>	<u>\$ 21,200</u>

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 1,327,219	\$ 1,134,343
Accrued liabilities	663,643	59,236
Accrued interest payable	100,534	25,303
	<u>\$ 2,091,396</u>	<u>\$ 1,218,882</u>

### 8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

	Due from Other Funds	Due to Other Funds
General fund	\$ 38,877	\$ -
Nonmajor governmental funds	-	38,877
	<u>\$ 38,877</u>	<u>\$ 38,877</u>

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:

Transfers Out	Transfers in		Total
	General Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 1,803,266	\$ 1,803,266
Nonmajor governmental funds	215,000	10,656,020	10,871,020
	<u>\$ 215,000</u>	<u>\$ 12,459,286</u>	<u>\$ 12,674,286</u>

## CITY OF OAK PARK, MICHIGAN

### 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
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,653,109	\$ -	\$ -	\$ -	\$ 1,653,109
Rights-of-way	600,818	-	-	-	600,818
Work in progress	1,417,144	2,139,575	-	-	3,556,719
	<u>3,671,071</u>	<u>2,139,575</u>	<u>-</u>	<u>-</u>	<u>5,810,646</u>
Capital assets being depreciated:					
Infrastructure - roads	105,983,872	-	-	-	105,983,872
Infrastructure - sidewalks	6,149,884	-	-	-	6,149,884
Buildings	19,634,675	194,003	-	-	19,828,678
Improvements	4,014,312	-	-	-	4,014,312
Library collection	663,763	43,774	(4,377)	-	703,160
Vehicles and equipment	4,447,618	566,069	(319,336)	-	4,694,351
Other equipment	1,906,170	78,811	-	-	1,984,981
	<u>142,800,294</u>	<u>882,657</u>	<u>(323,713)</u>	<u>-</u>	<u>143,359,238</u>
Less accumulated depreciation for:					
Infrastructure - roads	(88,106,342)	(1,503,830)	-	-	(89,610,172)
Infrastructure - sidewalks	(3,914,845)	(185,999)	-	-	(4,100,844)
Buildings	(4,918,567)	(411,138)	-	-	(5,329,705)
Improvements	(2,157,546)	(165,161)	-	-	(2,322,707)
Library collection	(461,464)	(44,682)	4,377	-	(501,769)
Vehicles and equipment	(3,508,249)	(198,799)	319,336	-	(3,387,712)
Other equipment	(1,714,205)	(61,149)	-	-	(1,775,354)
	<u>(104,781,218)</u>	<u>(2,570,758)</u>	<u>323,713</u>	<u>-</u>	<u>(107,028,263)</u>
Total capital assets being depreciated, net	<u>38,019,076</u>	<u>(1,688,101)</u>	<u>-</u>	<u>-</u>	<u>36,330,975</u>
<b>Governmental activities</b>					
capital assets, net	<u>\$ 41,690,147</u>	<u>\$ 451,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,141,621</u>

# CITY OF OAK PARK, MICHIGAN

## 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
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 11,502	\$ -	\$ -	\$ -	\$ 11,502
Work in progress	2,357,609	1,712,578	-	(409,643)	3,660,544
	<u>2,369,111</u>	<u>1,712,578</u>	<u>-</u>	<u>(409,643)</u>	<u>3,672,046</u>
Capital assets being depreciated:					
Buildings	86,500	-	-	-	86,500
Garage	24,564	-	-	-	24,564
Vehicles and equipment	1,243,388	228,089	-	-	1,471,477
Water system	14,469,695	-	-	-	14,469,695
Water - hydrants	605,836	-	-	-	605,836
Water - tanks	419,333	23,540	-	-	442,873
Water - pump station	1,074,290	22,925	-	-	1,097,215
Water - master meter	27,514	-	-	-	27,514
Water - reservoir	852,719	-	-	-	852,719
Water - reservoir pump	677,557	-	-	-	677,557
Sewer system	20,879,937	10,872	-	409,643	21,300,452
	<u>40,361,333</u>	<u>285,426</u>	<u>-</u>	<u>409,643</u>	<u>41,056,402</u>
Less accumulated depreciation for:					
Buildings	(86,066)	(434)	-	-	(86,500)
Garage	(24,564)	-	-	-	(24,564)
Vehicles and equipment	(1,181,618)	(67,064)	-	-	(1,248,682)
Water system	(4,972,891)	(162,275)	-	-	(5,135,166)
Water - hydrants	(453,704)	(6,471)	-	-	(460,175)
Water - tanks	(217,333)	(27,604)	-	-	(244,937)
Water - pump station	(964,826)	(15,955)	-	-	(980,781)
Water - master meter	(23,043)	(344)	-	-	(23,387)
Water - reservoir	(562,308)	(4,400)	-	-	(566,708)
Water - reservoir pump	(376,731)	(16,695)	-	-	(393,426)
Sewer system	(4,991,649)	(525,037)	-	-	(5,516,686)
	<u>(13,854,733)</u>	<u>(826,279)</u>	<u>-</u>	<u>-</u>	<u>(14,681,012)</u>
Total capital assets being depreciated, net	<u>26,506,600</u>	<u>(540,853)</u>	<u>-</u>	<u>409,643</u>	<u>26,375,390</u>
<b>Business-type activities</b>					
<b>capital assets, net</b>	<u>\$ 28,875,711</u>	<u>\$ 1,171,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,047,436</u>

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 33,388
Judicial	57,937
Public safety	42,722
Road maintenance and repair	1,935,859
Public works	259,780
Library	42,273
Internal service funds	<u>198,799</u>
Total governmental activities	<u>\$ 2,570,758</u>

### 10. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
<b>General obligation bonds</b>					
\$13,425,000, 2010 Municipal Complex, refunded on June 3, 2020	\$ 10,775,000	\$ -	\$ (10,325,000)	\$ 450,000	\$ 450,000
\$9,150,000, 2012 Refunding Street Improvement, installments of \$520,000 to \$660,000 through May 1, 2028, interest at 2.0 to 3.0%	5,725,000	-	(610,000)	5,115,000	605,000
\$7,825,000, 2015 Refunding Bond, installments of \$415,000 to \$755,000 through May 1, 2030, interest at 4.0%	6,535,000	-	(465,000)	6,070,000	485,000
\$9,145,000, 2020 Refunding Bond, installments of \$50,000 to \$740,000 through May 1, 2036, interest at 3.0%	-	9,145,000	-	9,145,000	50,000
Total governmental activities bonds	<u>23,035,000</u>	<u>9,145,000</u>	<u>(11,400,000)</u>	<u>20,780,000</u>	<u>1,590,000</u>

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# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Unamortized premium:					
2012 G.O. bonds	\$ 90,327	\$ -	\$ (10,036)	\$ 80,291	\$ 10,036
2015 G.O. bonds	637,504	-	(53,126)	584,378	53,126
2020 G.O. bonds	-	849,782	-	849,782	53,111
Direct borrowings -					
Capital lease	1,990,000	-	(80,000)	1,910,000	80,000
Compensated absences	1,951,541	1,154,046	(722,582)	2,383,005	723,000
<b>Total governmental activities</b>	<u>\$ 27,704,372</u>	<u>\$ 11,148,828</u>	<u>\$ (12,265,744)</u>	<u>\$ 26,587,456</u>	<u>\$ 2,509,273</u>
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
<b>Water revenue bonds</b>					
George W. Kuhn Drain installments of \$65,707 to \$1,054,343 through April 1, 2029, interest at 1.625 to 2.5%	\$ 5,192,888	\$ -	\$ (1,006,431)	\$ 4,186,457	\$ 1,029,369
Claims and judgments	2,350,000	-	(587,500)	1,762,500	587,500
Compensated absences	260,123	144,380	(88,647)	315,856	88,647
<b>Total business-type activities</b>	<u>\$ 7,803,011</u>	<u>\$ 144,380</u>	<u>\$ (1,682,578)</u>	<u>\$ 6,264,813</u>	<u>\$ 1,705,516</u>



## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

Annual debt service requirements to maturity for bonds are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,590,000	\$ 647,076	\$ 1,029,369	\$ 101,145
2022	1,630,000	609,213	1,054,343	76,339
2023	1,670,000	561,513	853,582	50,927
2024	1,710,000	510,875	857,092	30,190
2025	1,755,000	458,875	84,871	9,114
2026-2030	8,300,000	1,428,250	307,200	17,599
2031-2035	3,385,000	421,650	-	-
2036	740,000	22,200	-	-
	<u>\$ 20,780,000</u>	<u>\$ 4,659,652</u>	<u>\$ 4,186,457</u>	<u>\$ 285,314</u>

Annual debt service requirements to maturity for the capital lease is as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 80,000	\$ 69,748
2022	85,000	67,685
2023	85,000	65,347
2024	90,000	62,722
2025	95,000	59,947
2026-2030	525,000	251,429
2031-2035	650,000	140,012
2036-2037	300,000	13,724
	<u>\$ 1,910,000</u>	<u>\$ 730,614</u>

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.

#### Refunded Debt

During fiscal year 2020, the City issued \$9,145,000 of refunding bonds to advance refund \$9,900,000 of the 2010 Municipal Complex bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities. The refunding resulted in a net savings of \$2,085,701 and an economic gain of \$1,775,969.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

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 percent to 2.5 percent. As of June 30, 2020, the City's outstanding obligation is approximately \$4.2 million and incurred interest expense of \$119,333 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.

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 three years. Annual payment requirements are as follows:

Year Ended June 30,	Amount
2021	\$ 587,500
2022	587,500
2023	<u>587,500</u>
	<u>\$ 1,762,500</u>

### 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 2019 tax levy are as follows:

Real property	\$ 465,465,600
Personal property	<u>44,564,310</u>
<b>Total</b>	<u><b>\$ 510,029,910</b></u>

For the current fiscal year, the City levied 19.2163 mills for general governmental services, 1.4315 mills for library services, 7.0000 mills for public safety pension (Public Act 345), 2.8349 mills for solid waste, and 4.5633 mills for long-term debt retirement.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

#### 13. TAX ABATEMENTS

The City received reduced property tax revenues during fiscal year 2020 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 \$70,900 in reduced City tax revenues for fiscal year 2020.

#### 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.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

*Plans Membership.* Membership of the plans consisted of the following at June 30, 2019, the date of the latest actuarial valuation for each plan:

	General	Public Safety
Retirees and beneficiaries currently receiving benefits	150	98
Inactive employees entitled to benefits	23	11
Active employees	19	49
<b>Total</b>	<b>192</b>	<b>158</b>

*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 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 3.50 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 2020 by the City is 122.66 percent of annual covered payroll for ERS members and 67.01 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 (rolled forward to June 30, 2020).

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability was determined by respective actuarial valuations as of June 30, 2019 (and rolled forward to June 30, 2020), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Varies
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation
Mortality rate	Pub-2010 Public Retirement Plans Mortality Tables for Employees; annuitant and non-annuitant, sexdistinct with modified MP-2019 improvement factors.
Changes in assumptions	The mortality tables were changed to the Society of Actuaries tables; discount rate decreased from 7.0% to 6.5%.

The actuarial assumptions used in the June 30, 2019 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, 2020 (see the discussion below of the investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities:		
Large cap	25%	6.95%
Mid cap	11%	7.75%
Small cap	7%	8.00%
International equities:		
Developed	14%	8.60%
Small cap	3%	9.30%
Emerging markets	3%	11.20%
Fixed income:		
Core	26%	3.00%
Leveraged loans	3%	5.40%
Real estate	4%	9.00%
Cash	1%	2.50%
Infrastructure	3%	6.95%
	<u>100%</u>	

## CITY OF OAK PARK, MICHIGAN

### 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 6.5 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:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Employees' Retirement System</b>			
Balances at June 30, 2019	\$ 40,702,573	\$ 19,438,229	\$ 21,264,344
Changes for the year:			
Service cost	223,187	-	223,187
Interest	2,753,237	-	2,753,237
Differences between expected and actual experience	(652,298)	-	(652,298)
Changes in assumptions	2,189,212	-	2,189,212
Employer contributions	-	1,700,000	(1,700,000)
Employee contributions	-	47,913	(47,913)
Net investment income	-	374,841	(374,841)
Benefit payments, including refunds of employee contributions	(3,187,595)	(3,187,595)	-
Net changes	1,325,743	(1,064,841)	2,390,584
<b>Balances at June 30, 2020</b>	<b>\$ 42,028,316</b>	<b>\$ 18,373,388</b>	<b>\$ 23,654,928</b>

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Public Safety Employees' Retirement System</b>			
Balances at June 30, 2019	\$ 78,072,956	\$ 44,828,140	\$ 33,244,816
Changes for the year:			
Service cost	940,528	-	940,528
Interest	5,372,543	-	5,372,543
Differences between expected and actual experience	516,897	-	516,897
Changes in assumptions	5,155,187	-	5,155,187
Employer contributions	-	3,100,000	(3,100,000)
Employee contributions	-	501,987	(501,987)
Net investment income	-	972,322	(972,322)
Benefit payments, including refunds of employee contributions	(4,525,738)	(4,525,738)	-
Net changes	7,459,417	48,571	7,410,846
<b>Balances at June 30, 2020</b>	<b>\$ 85,532,373</b>	<b>\$ 44,876,711</b>	<b>\$ 40,655,662</b>

*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 6.5 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 (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Current Discount (6.5%)	1% Increase (7.5%)
General	\$ 27,861,500	\$ 23,654,928	\$ 20,078,393
Public safety	50,951,500	40,655,662	32,115,329
Total	<u>\$ 78,813,000</u>	<u>\$ 64,310,590</u>	<u>\$ 52,193,722</u>

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

*Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions.* For the year ended June 30, 2020, the City recognized pension expense of \$3,517,618 and \$6,830,509, for the ERS and PS systems, respectively. At June 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
<b>Employees' Retirement System</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 614,825	\$ -	\$ 614,825
<b>Public Safety Employees' Retirement System</b>			
Difference between expected and actual experience	347,847	391,984	(44,137)
Changes in assumptions	3,843,536	-	3,843,536
Net difference between projected and actual earnings on pension plan investments	1,407,218	-	1,407,218
	5,598,601	391,984	5,206,617
<b>Total</b>	<b>\$ 6,213,426</b>	<b>\$ 391,984</b>	<b>\$ 5,821,442</b>

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	Public Safety Employees' Retirement System
2021	\$ 57,912	\$ 2,547,214
2022	187,638	1,829,465
2023	182,185	403,273
2024	187,090	426,665
	<u>\$ 614,825</u>	<u>\$ 5,206,617</u>

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

There were no amounts due to the pension plans at June 30, 2020.



## CITY OF OAK PARK, MICHIGAN

### 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 3.0 percent contribution and the employer matching up to 3.0 percent (full-time employees only), and the health savings plan is for full-time employees hired after July 2009, where the employer contributes 3.0 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, 2020 was \$96,718. 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 3.0 percent of covered payroll. Plan provisions and contribution requirements are established by City Council. Total contributions for the year ended June 30, 2020 were \$87,383 by employees and \$292,478 by the City. The City contributes 3.0 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 49 plan members at June 30, 2020. The City contributes 1.0 percent of covered payroll to a health savings plan for POAM, POLC, and Dispatchers hired after March 1, 2013. There are 18 plan members at June 30, 2020.

#### 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 3.0 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 and Public Safety plans are included as OPEB trust funds in the City's financial statements and the Court plan is included as the retiree health care court internal service fund of the City's financial statements; stand-alone financial reports of the plans have not been issued.

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

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

The City pays 100 percent of the benefits for all public safety, court, and general current retirees. Co-pays, 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 Service	Employer Pays	Retiree 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 pre-funding 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.

*Plans Membership.* Membership of the plans consisted of the following at June 30, 2020, the date of the latest actuarial valuation for each plan:

	General	Public Safety	Court
Inactive plan members receiving or entitled to future benefits	14	1	-
Covered spouse/dependents	130	93	19
Active plan members	18	33	9
<b>Total</b>	<b>162</b>	<b>127</b>	<b>28</b>

*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, 2020, the City made an additional contribution over the pay-as-you-go amount of approximately \$424,513.

## CITY OF OAK PARK, MICHIGAN

### Notes to Financial Statements

*Actuarial Assumptions.* The total other postemployment liability was determined by respective actuarial valuations as of June 30, 2020, 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	4.5 percent, net of other postemployment benefit plan investment expense, including inflation
Healthcare cost trend rate	Pre-Medicare 8.25% graded down to 4.5% by 0.25% per year; Post-Medicare, 6.5% graded down to 4.5% by 0.25% per year
Mortality rate	2010 Public General Employees and Healthy Retirees, Headcount weighted
Changes in assumptions	General and Court: Mortality updated from RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, with MP-2017 (set-forward 10 years for disability); Trend Rates updated from Pre-65; 8.0% graded down to 5% over six years, 5.0% per annum for Medicare costs; Discount rate updated from 3.0%. Public Safety: Mortality updated from RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, with MP-2017 (set-forward 10 years for disability); Trend Rates updated from Pre-65; 8.0% graded down to 5% over six years, 5.0% per annum for Medicare costs; Timing of claims payments changed from middle of year to beginning of year; Discount rate updated from 3.0%.

The actuarial assumptions used in the June 30, 2020 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, 2020 (see the discussion below of the investment allocation policy) are summarized in the following table:

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

## CITY OF OAK PARK, MICHIGAN

### 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 3.27 percent for General and Court and 3.97 percent for Public Safety 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, 2020 was 3.27 percent for General and Court and 3.97 percent for Public Safety.

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

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>General Retiree Healthcare Plan</b>			
Balances at June 30, 2019	\$ 43,420,319	\$ 2,151,068	\$ 41,269,251
Changes for the year:			
Service cost	214,178	-	214,178
Interest	1,293,005	-	1,293,005
Differences between expected and actual experience	(11,842,304)	-	(11,842,304)
Changes in assumptions	(295,522)	-	(295,522)
Employer contributions	-	1,268,657	(1,268,657)
Net investment income	-	64,034	(64,034)
Benefit payments, including refunds of employee contributions	(1,068,657)	(1,068,657)	-
Administrative expense	-	(1,889)	1,889
Net changes	(11,699,300)	262,145	(11,961,445)
<b>Balances at June 30, 2020</b>	<b>\$ 31,721,019</b>	<b>\$ 2,413,213</b>	<b>\$ 29,307,806</b>

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b><i>Public Safety Retiree Healthcare Plan</i></b>			
Balances at June 30, 2019	\$ 46,375,001	\$ 2,992,008	\$ 43,382,993
Changes for the year:			
Service cost	1,040,742	-	1,040,742
Interest	1,403,288	-	1,403,288
Differences between expected and actual experience	(10,844,739)	-	(10,844,739)
Changes in assumptions	(2,996,366)	-	(2,996,366)
Employer contributions	-	1,478,956	(1,478,956)
Net investment income	-	89,068	(89,068)
Benefit payments, including refunds of employee contributions	(1,278,956)	(1,278,956)	-
Administrative expense	-	(2,627)	2,627
Net changes	(12,676,031)	286,441	(12,962,472)
<b>Balances at June 30, 2020</b>	<b>\$ 33,698,970</b>	<b>\$ 3,278,449</b>	<b>\$ 30,420,521</b>
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b><i>Court Retiree Healthcare Plan</i></b>			
Balances at June 30, 2019	\$ 6,473,115	\$ 12,016	\$ 6,461,099
Changes for the year:			
Service cost	82,899	-	82,899
Interest	193,584	-	193,584
Differences between expected and actual experience	(1,910,688)	-	(1,910,688)
Changes in assumptions	(43,668)	-	(43,668)
Employer contributions	-	230,946	(230,946)
Net investment income	-	561	(561)
Benefit payments, including refunds of employee contributions	(206,433)	(206,433)	-
Administrative expense	-	336	(336)
Net changes	(1,884,306)	25,410	(1,909,716)
<b>Balances at June 30, 2020</b>	<b>\$ 4,588,809</b>	<b>\$ 37,426</b>	<b>\$ 4,551,383</b>

## CITY OF OAK PARK, MICHIGAN

### 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 3.27 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 (2.27 percent) or 1 percentage point higher (4.27 percent) than the current rate:

	<b>1% Decrease (2.27%)</b>	<b>Current Discount (3.27%)</b>	<b>1% Increase (4.27%)</b>
General	\$ 34,396,470	\$ 29,307,806	\$ 25,267,041
Public Safety	35,638,698	30,420,521	26,237,129
Court	5,184,692	4,551,383	4,036,833
Total	<u>\$ 75,219,860</u>	<u>\$ 64,279,710</u>	<u>\$ 55,541,003</u>

*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 8.25 percent graded down to 4.5 percent over six years for pre-65 costs and 6.5 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 (7.25 percent graded down to 3.5 percent over six years/5.5 percent) or 1 percentage point higher (9.25 percent graded down to 5.5 percent over six years/7.5 percent) than the current rate:

	<b>1% Decrease (7.25% graded down to 3.5% / 5.5%)</b>	<b>Current Healthcare Cost Trend Rate (8.25% graded down to 4.5% / 6.50%)</b>	<b>1% Increase (9.25% graded down to 5.5% / 7.5%)</b>
General	\$ 25,169,280	\$ 29,307,806	\$ 34,492,306
Public Safety	25,876,322	30,420,521	36,155,886
Court	3,996,935	4,551,383	5,240,163
Total	<u>\$ 55,042,537</u>	<u>\$ 64,279,710</u>	<u>\$ 75,888,355</u>

# CITY OF OAK PARK, MICHIGAN

## 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, 2020, the City recognized other postemployment benefit expense of \$(10,713,151), \$(2,359,451), and \$(1,532,864), for the General, Public Safety, and Court retiree healthcare plans, respectively. At June 30, 2020, the City reported deferred outflows and inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
<b>General Retiree Healthcare Plan</b>			
Net difference between projected and actual earnings on other postemployment benefit plan investments	\$ 53,851	\$ -	\$ 53,851
<b>Public Safety Retiree Healthcare Plan</b>			
Difference between expected and actual experience	1,599	6,229,956	(6,228,357)
Changes in assumptions	-	1,721,317	(1,721,317)
Net difference between projected and actual earnings on other postemployment benefit plan investments	66,508	-	66,508
	68,107	7,951,273	(7,883,166)
<b>Court Retiree Healthcare Plan</b>			
Net difference between projected and actual earnings on other postemployment benefit plan investments	\$ 408	\$ -	\$ 408
<b>Total</b>	<b>\$ 122,366</b>	<b>\$ 7,951,273</b>	<b>\$ (7,828,907)</b>

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

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 June 30,	General Employees' Retirement System	Public Safety Employees' Retirement System	Court Employees' Retirement System	Total
2021	\$ 16,858	\$ (5,867,377)	\$ 100	\$ (5,850,419)
2022	16,860	(2,040,583)	100	(2,023,623)
2023	12,688	14,793	100	27,581
2024	7,445	10,001	108	17,554
	<u>\$ 53,851</u>	<u>\$ (7,883,166)</u>	<u>\$ 408</u>	<u>\$ (7,828,907)</u>

# CITY OF OAK PARK, MICHIGAN

## Notes to Financial Statements

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

	Plan Net Position			
	Employees' Retirement System	Public Safety Employees' Retirement System	Retiree Health Care - General and Public Safety	Total
<b>Assets</b>				
Cash and cash equivalents	\$ (380,837)	\$ (119,562)	\$ 4,678,581	\$ 4,178,182
Investments, at fair value:				
Equity mutual funds	13,343,063	31,814,732	-	45,157,795
Fixed income mutual funds	4,918,472	12,216,072	-	17,134,544
Money market accounts	770,940	1,336,174	1,013,081	3,120,195
Prepaid items	-	33,694	-	33,694
<b>Total assets</b>	<b>18,651,638</b>	<b>45,281,110</b>	<b>5,691,662</b>	<b>69,624,410</b>
<b>Liabilities</b>				
Accounts payable	278,250	404,399	-	682,649
<b>Net position</b>				
Restricted for pension and other postemployment benefits	\$ 18,373,388	\$ 44,876,711	\$ 5,691,662	\$ 68,941,761



# CITY OF OAK PARK, MICHIGAN

## 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
<b>Additions</b>				
Contributions:				
Employer	\$ 1,700,000	\$ 3,100,000	\$ 2,747,613	\$ 7,547,613
Plan members	47,913	501,987	-	549,900
Total contributions	1,747,913	3,601,987	2,747,613	8,097,513
Investment income:				
Net change in fair value of investments	19,323	116,858	81,573	217,754
Interest	-	-	71,529	71,529
Dividends	432,671	1,017,150	-	1,449,821
Total investment income	451,994	1,134,008	153,102	1,739,104
Less: investment expense	(77,153)	(161,686)	-	(238,839)
Net investment income	374,841	972,322	153,102	1,500,265
<b>Total additions</b>	2,122,754	4,574,309	2,900,715	9,597,778
<b>Deductions</b>				
Benefits	3,187,595	4,525,738	2,347,613	10,060,946
Administration	-	-	4,516	4,516
<b>Total deductions</b>	3,187,595	4,525,738	2,352,129	10,065,462
<b>Change in net position</b>	(1,064,841)	48,571	548,586	(467,684)
Net position, beginning of year	19,438,229	44,828,140	5,143,076	69,409,445
<b>Net position, end of year</b>	\$ 18,373,388	\$ 44,876,711	\$ 5,691,662	\$ 68,941,761

## 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, 2020, the last available audited financial statements, the Authority reported a decrease in net position in the amount of \$349,866, resulting in ending net position in the amount of \$3,732,135. During the year ended June 30, 2020, the City expended \$1,934,320 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.

## CITY OF OAK PARK, MICHIGAN

### 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, 2020.

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, 2019 and expired on April 30, 2020, but was renewed on May 1, 2020, and expires on April 30, 2021. The City received \$8,258 from Hatzalah for the fiscal year ended June 30, 2020.

#### 21. FUND BALANCES

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

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable -			
Prepays	\$ 476,775	\$ 82	\$ 476,857
Restricted for:			
Road surface repairs	-	2,488,244	2,488,244
Sidewalks	-	219,683	219,683
Solid waste	-	1,711,284	1,711,284
Debt service	-	695,044	695,044
Library	-	113,992	113,992
Public safety	-	71,560	71,560
Courts	-	236,050	236,050
Unspent bond proceeds	-	44,558	44,558
Total restricted	-	5,580,415	5,580,415
Assigned for:			
Library	-	298,850	298,850
Municipal buildings	-	1,010,631	1,010,631
Total assigned	-	1,309,481	1,309,481
Unassigned (deficits)	3,868,765	(13,525)	3,855,240
<b>Total fund balances</b>	<b>\$ 4,345,540</b>	<b>\$ 6,876,453</b>	<b>\$ 11,221,993</b>

## CITY OF OAK PARK, MICHIGAN

### 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, 2020, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 5,810,646	\$ 3,672,046
Capital assets being depreciated, net	<u>36,330,975</u>	<u>26,375,390</u>
	<u>42,141,621</u>	<u>30,047,436</u>
Related debt:		
General obligation bonds	20,780,000	4,186,457
Unamortized bond premium	1,514,451	-
Capital lease	1,910,000	-
Less unamortized deferred loss on refunding	(264,979)	-
Less unexpended bond proceeds	<u>(44,558)</u>	<u>-</u>
	<u>23,894,914</u>	<u>4,186,457</u>
<b>Net investment in capital assets</b>	<u><u>\$ 18,246,707</u></u>	<u><u>\$ 25,860,979</u></u>

#### 24. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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## CITY OF OAK PARK, MICHIGAN

### Required Supplementary Information

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

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expense
Employees' Retirement System	
6/30/2020	1.97%
6/30/2019	7.23%
6/30/2018	7.85%
6/30/2017	11.59%
6/30/2016	-1.72%
6/30/2015	0.91%
6/30/2014	13.89%
Public Safety Employees' Retirement System	
6/30/2020	2.18%
6/30/2019	7.41%
6/30/2018	7.81%
6/30/2017	11.69%
6/30/2016	-1.35%
6/30/2015	-0.02%
6/30/2014	17.37%

See notes to required supplementary information.

## CITY OF OAK PARK, MICHIGAN

### Required Supplementary Information

#### General Employees' Retirement System

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

	Year Ended June 30,		
	2020	2019	2018
<b>Change in total pension liability</b>			
Service cost	\$ 223,187	\$ 233,255	\$ 246,853
Interest	2,753,237	2,672,022	2,679,864
Differences between expected and actual experience	(652,298)	616,284	(486,200)
Changes of assumptions	2,189,212	827,930	(807,180)
Benefit payments, including refunds of member contributions	(3,187,595)	(3,170,823)	(2,893,955)
Other changes	-	-	48,778
<b>Net change in total pension liability</b>	<u>1,325,743</u>	<u>1,178,668</u>	<u>(1,211,840)</u>
<b>Total pension liability, beginning</b>	<u>40,702,573</u>	<u>39,523,905</u>	<u>40,735,745</u>
<b>Total pension liability, ending (a)</b>	<u>42,028,316</u>	<u>40,702,573</u>	<u>39,523,905</u>
<b>Change in plan fiduciary net position</b>			
Contributions - employer	1,700,000	1,850,000	1,445,558
Contributions - member	47,913	52,428	51,977
Net investment income (loss)	374,841	1,336,058	1,461,332
Benefit payments, including refunds of member contributions	(3,187,595)	(3,170,823)	(2,893,955)
Administrative expense	-	-	-
Other - transfer to Public Safety Employees' Retirement System	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>(1,064,841)</u>	<u>67,663</u>	<u>64,912</u>
<b>Plan fiduciary net position, beginning</b>	<u>19,438,229</u>	<u>19,370,566</u>	<u>19,305,654</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>18,373,388</u>	<u>19,438,229</u>	<u>19,370,566</u>
<b>City's net pension liability, ending (a)-(b)</b>	<u><u>\$ 23,654,928</u></u>	<u><u>\$ 21,264,344</u></u>	<u><u>\$ 20,153,339</u></u>
Plan fiduciary net position as a percentage of the total pension liability	43.7%	47.8%	49.0%
Covered payroll	\$ 1,385,953	\$ 1,572,221	\$ 1,706,969
City's net pension liability as a percentage of covered payroll	1706.8%	1352.5%	1180.7%

See notes to required supplementary information.



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Year Ended June 30,			
2017	2016	2015	2014

\$ 325,140	\$ 303,303	\$ 485,484	\$ 471,343
2,563,114	2,726,891	2,159,545	2,471,316

(56,941)	(136,533)	810,181	-
(2,789,126)	4,952,784	(8,131,545)	-

(3,081,680)	(3,079,825)	(3,165,651)	(3,237,481)
-------------	-------------	-------------	-------------

-	-	-	-
(3,039,493)	4,766,620	(7,841,986)	(294,822)

43,775,238	39,008,618	46,850,604	47,145,426
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40,735,745	43,775,238	39,008,618	46,850,604
------------	------------	------------	------------

1,338,260	1,336,565	1,272,539	1,367,086
48,211	52,239	54,389	61,130
2,053,473	(326,643)	196,674	(3,162,566)

(3,081,680)	(3,079,825)	(3,165,651)	(3,237,481)
-	(4,531)	-	-

-	-	-	(31,376,710)
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358,264	(2,022,195)	(1,642,049)	(36,348,541)
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18,947,390	20,969,585	22,611,634	58,960,175
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19,305,654	18,947,390	20,969,585	22,611,634
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<u>\$ 21,430,091</u>	<u>\$ 24,827,848</u>	<u>\$ 18,039,033</u>	<u>\$ 24,238,970</u>
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47.4%	43.3%	53.8%	48.3%
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\$ 1,695,162	\$ 1,786,708	\$ 1,885,123	\$ 1,998,057
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1264.2%	1389.6%	956.9%	1213.1%
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# CITY OF OAK PARK, MICHIGAN

## 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,		
	2020	2019	2018
<b>Change in total pension liability</b>			
Service cost	\$ 940,528	\$ 998,688	\$ 837,339
Interest	5,372,543	5,251,142	5,173,752
Differences between expected and actual experience	516,897	(1,200,198)	446,463
Changes of assumptions	5,155,187	1,242,814	3,895,295
Benefit payments, including refunds of member contributions	(4,525,738)	(4,474,212)	(4,121,370)
Other changes	-	-	(1,628,637)
<b>Net change in total pension liability</b>	<u>7,459,417</u>	<u>1,818,234</u>	<u>4,602,842</u>
<b>Total pension liability, beginning</b>	<u>78,072,956</u>	<u>76,254,722</u>	<u>71,651,880</u>
<b>Total pension liability, ending (a)</b>	<u>85,532,373</u>	<u>78,072,956</u>	<u>76,254,722</u>
<b>Change in plan fiduciary net position</b>			
Contributions - employer	3,100,000	3,381,218	2,551,000
Contributions - member	501,987	453,727	407,715
Net investment income (loss)	972,322	3,062,888	3,096,956
Benefit payments, including refunds of member contributions	(4,525,738)	(4,474,212)	(4,121,370)
Administrative expense	-	-	-
Other - transfer from Employees' Retirement System	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>48,571</u>	<u>2,423,621</u>	<u>1,934,301</u>
<b>Plan fiduciary net position, beginning</b>	<u>44,828,140</u>	<u>42,404,519</u>	<u>40,470,218</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>44,876,711</u>	<u>44,828,140</u>	<u>42,404,519</u>
<b>City's net pension liability, ending (a)-(b)</b>	<u><u>\$ 40,655,662</u></u>	<u><u>\$ 33,244,816</u></u>	<u><u>\$ 33,850,203</u></u>
Plan fiduciary net position as a percentage of the total pension liability	52.5%	57.4%	55.6%
Covered payroll	\$ 4,626,234	\$ 4,726,656	\$ 4,436,592
City's net pension liability as a percentage of covered payroll	878.8%	703.3%	763.0%

See notes to required supplementary information.

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Year Ended June 30,			
2017	2016	2015	2014

\$ 1,116,227	\$ 941,346	\$ 1,391,903	\$ 1,351,362
4,968,550	4,427,324	4,346,878	4,381,564

(251,605)	2,342,761	136,404	-
(2,189,134)	3,938,301	(19,693,917)	-

(4,431,882)	(4,378,526)	(4,280,101)	(4,961,937)
-------------	-------------	-------------	-------------

-	-	-	-
(787,844)	7,271,206	(18,098,833)	770,989

72,439,724	65,168,518	83,267,351	82,496,362
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71,651,880	72,439,724	65,168,518	83,267,351
------------	------------	------------	------------

2,387,270	2,521,391	2,438,761	2,869,461
325,575	330,804	317,315	325,361
4,198,316	(513,784)	(7,748)	11,976,064

(4,431,882)	(4,378,526)	(4,280,101)	(4,961,937)
(11,984)	(10,848)	-	-

-	-	-	31,376,710
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2,467,295	(2,050,963)	(1,531,773)	41,585,659
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38,002,923	40,053,886	41,585,659	-
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40,470,218	38,002,923	40,053,886	41,585,659
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<u>\$ 31,181,662</u>	<u>\$ 34,436,801</u>	<u>\$ 25,114,632</u>	<u>\$ 41,681,692</u>
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56.5%	52.5%	61.5%	49.9%
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\$ 4,169,534	\$ 4,041,630	\$ 3,954,232	\$ 3,727,181
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747.8%	852.1%	635.1%	1118.3%
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## CITY OF OAK PARK, MICHIGAN

### Required Supplementary Information

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

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Employees' Retirement System					
6/30/2020	\$ 1,584,904	\$ 1,700,000	\$ (115,096)	\$ 1,385,953	122.7%
6/30/2019	1,678,746	1,850,000	(171,254)	1,572,221	117.7%
6/30/2018	1,384,659	1,445,558	(60,899)	1,706,969	84.7%
6/30/2017	1,256,953	1,338,260	(81,307)	1,695,162	78.9%
6/30/2016	1,318,377	1,336,565	(18,188)	1,786,708	74.8%
6/30/2015	1,272,539	1,272,539	-	1,885,123	67.5%
6/30/2014	1,211,912	1,367,086	(155,174)	1,998,057	68.4%
Public Safety Employees' Retirement System					
6/30/2020	\$ 2,997,391	\$ 3,100,000	\$ (102,609)	\$ 4,626,234	67.0%
6/30/2019	3,099,614	3,381,218	(281,604)	4,726,656	71.5%
6/30/2018	2,550,106	2,551,000	(894)	4,436,592	57.5%
6/30/2017	2,314,911	2,387,270	(72,359)	4,169,534	57.3%
6/30/2016	2,326,055	2,521,391	(195,336)	4,041,630	62.4%
6/30/2015	2,159,875	2,438,761	(278,886)	3,954,232	61.7%
6/30/2014	2,105,664	2,869,461	(763,797)	3,727,181	77.0%

See notes to required supplementary information.

## CITY OF OAK PARK, MICHIGAN

### 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 Plan:	
6/30/2020	2.76%
6/30/2019	3.04%
6/30/2018	2.99%
6/30/2017	3.59%
Public Safety Retiree Healthcare Plan:	
6/30/2020	2.80%
6/30/2019	3.58%
6/30/2018	2.99%
6/30/2017	3.59%
Court Retiree Healthcare Plan:	
6/30/2020	2.28%
6/30/2019	0.67%
6/30/2018	N/A (1)

See notes to required supplementary information.

# CITY OF OAK PARK, MICHIGAN

## 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,			
	2020	2019	2018	2017
<b>Change in total other postemployment benefit liability</b>				
Service cost	\$ 214,178	\$ 224,750	\$ 304,260	\$ 372,392
Interest	1,293,005	1,358,699	1,076,780	1,435,899
Differences between expected and actual experience	(11,842,304)	2,039	1,107,922	-
Changes of assumptions	(295,522)	4,079,733	3,071,218	7,013,108
Benefit payments, including refunds of member contributions	(1,068,657)	(1,446,516)	(1,578,228)	(1,545,294)
<b>Net change in total other postemployment benefit liability</b>	<u>(11,699,300)</u>	<u>4,218,705</u>	<u>3,981,952</u>	<u>7,276,105</u>
<b>Total other postemployment benefit liability, beginning</b>	43,420,319	39,201,614	39,957,630	32,681,525
<b>Less amounts for Court Retiree Healthcare Plan (1)</b>	<u>-</u>	<u>-</u>	<u>(4,737,968)</u>	<u>-</u>
<b>Total other postemployment benefit liability, ending (a)</b>	<u>31,721,019</u>	<u>43,420,319</u>	<u>39,201,614</u>	<u>39,957,630</u>
<b>Change in plan fiduciary net position</b>				
Contributions - employer	1,268,657	2,046,516	1,878,228	1,545,294
Net investment income	64,034	54,619	38,027	40,168
Benefit payments, including refunds of member contributions	(1,068,657)	(1,446,516)	(1,578,228)	(1,545,294)
Administrative expense	(1,889)	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>262,145</u>	<u>654,619</u>	<u>338,027</u>	<u>40,168</u>
<b>Plan fiduciary net position, beginning</b>	<u>2,151,068</u>	<u>1,496,449</u>	<u>1,158,422</u>	<u>1,118,254</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>2,413,213</u>	<u>2,151,068</u>	<u>1,496,449</u>	<u>1,158,422</u>
<b>City's net other postemployment benefit liability, ending (a)-(b)</b>	<u>\$ 29,307,806</u>	<u>\$ 41,269,251</u>	<u>\$ 37,705,165</u>	<u>\$ 38,799,208</u>
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	7.61%	4.95%	3.82%	2.90%
Covered payroll	\$ 1,368,940	\$ 1,475,359	\$ 1,706,969	\$ 2,105,252
City's net other postemployment benefit liability as a percentage of covered payroll	2140.91%	2797.23%	2208.90%	1842.97%

See notes to required supplementary information.

# CITY OF OAK PARK, MICHIGAN

## 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,			
	2020	2019	2018	2017
<b>Change in total other postemployment benefit liability</b>				
Service cost	\$ 1,040,742	\$ 1,042,819	\$ 525,509	\$ 525,509
Interest	1,403,288	1,368,038	1,164,989	1,307,879
Differences between expected and actual experience	(10,844,739)	17,585	(575,996)	-
Changes of assumptions	(2,996,366)	-	7,594,136	7,536,448
Benefit payments, including refunds of member contributions	(1,278,956)	(1,214,780)	(1,204,145)	(1,553,955)
<b>Net change in total other postemployment benefit liability</b>	<u>(12,676,031)</u>	<u>1,213,662</u>	<u>7,504,493</u>	<u>7,815,881</u>
<b>Total other postemployment benefit liability, beginning</b>	<u>46,375,001</u>	<u>45,161,339</u>	<u>37,656,846</u>	<u>29,840,965</u>
<b>Total other postemployment benefit liability, ending (a)</b>	<u>33,698,970</u>	<u>46,375,001</u>	<u>45,161,339</u>	<u>37,656,846</u>
<b>Change in plan fiduciary net position</b>				
Contributions - employer	1,478,956	1,814,780	1,504,145	1,553,955
Net investment income	89,068	93,001	63,534	67,112
Benefit payments, including refunds of member contributions	(1,278,956)	(1,214,780)	(1,204,145)	(1,553,955)
Administrative expense	(2,627)	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>286,441</u>	<u>693,001</u>	<u>363,534</u>	<u>67,112</u>
<b>Plan fiduciary net position, beginning</b>	<u>2,992,008</u>	<u>2,299,007</u>	<u>1,935,473</u>	<u>1,868,361</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>3,278,449</u>	<u>2,992,008</u>	<u>2,299,007</u>	<u>1,935,473</u>
<b>City's net other postemployment benefit liability, ending (a)-(b)</b>	<u>\$ 30,420,521</u>	<u>\$ 43,382,993</u>	<u>\$ 42,862,332</u>	<u>\$ 35,721,373</u>
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	9.73%	6.45%	5.09%	5.14%
Covered payroll	\$ 4,869,302	\$ 4,744,250	\$ 3,464,030	\$ 3,842,496
City's net other postemployment benefit liability as a percentage of covered payroll	624.74%	914.43%	1237.35%	929.64%

See notes to required supplementary information.

## CITY OF OAK PARK, MICHIGAN

### 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,		
	2020	2019	2018
<b>Change in total other postemployment benefit liability</b>			
Service cost	\$ 82,899	\$ 77,646	\$ 68,132
Interest	193,584	207,992	143,650
Differences between expected and actual experience	(1,910,688)	(64,182)	1,076,251
Changes of assumptions	(43,668)	528,673	291,606
Benefit payments, including refunds of member contributions	(206,433)	(250,158)	(344,463)
<b>Net change in total other postemployment benefit liability</b>	<u>(1,884,306)</u>	<u>499,971</u>	<u>1,235,176</u>
<b>Total other postemployment benefit liability, beginning</b>	<u>6,473,115</u>	<u>5,973,144</u>	<u>4,737,968</u>
<b>Total other postemployment benefit liability, ending (a)</b>	<u>4,588,809</u>	<u>6,473,115</u>	<u>5,973,144</u>
<b>Change in plan fiduciary net position</b>			
Contributions - employer	230,946	262,134	344,463
Contributions - member			
Net investment income	561	40	-
Benefit payments, including refunds of member contributions	(206,433)	(250,158)	(344,463)
Other	336	-	-
<b>Net change in plan fiduciary net position</b>	<u>25,410</u>	<u>12,016</u>	<u>-</u>
<b>Plan fiduciary net position, beginning</b>	<u>12,016</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position, ending (b)</b>	<u>37,426</u>	<u>12,016</u>	<u>-</u>
<b>City's net other postemployment benefit liability, ending (a)-(b)</b>	<u>\$ 4,551,383</u>	<u>\$ 6,461,099</u>	<u>\$ 5,973,144</u>
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	0.82%	0.19%	0.00%
Covered payroll	\$ 473,348	\$ 435,990	\$ 422,984
City's net other postemployment benefit liability as a percentage of covered payroll	961.53%	1481.94%	1412.14%

See notes to required supplementary information.



## CITY OF OAK PARK, MICHIGAN

### Required Supplementary Information

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

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
General Retiree Healthcare Plan:					
6/30/2020	\$ 5,520,972	\$ 1,268,657	\$ 4,252,315	\$ 1,368,940	92.7%
6/30/2019	5,280,276	2,046,516	\$ 3,233,760	1,475,359	138.7%
6/30/2018	4,307,310	1,878,228	2,429,082	1,706,969	110.0%
6/30/2017	1,620,940	1,545,294	75,646	2,105,252	73.4%
Public Safety Retiree Healthcare Plan:					
6/30/2020	\$ 6,157,774	\$ 1,478,956	\$ 4,678,818	\$ 4,869,302	30.4%
6/30/2019	5,586,225	1,814,780	3,771,445	4,744,250	38.3%
6/30/2018	3,988,426	1,504,145	2,484,281	3,464,030	43.4%
6/30/2017	1,901,699	1,553,955	347,744	3,842,496	40.4%
Court Retiree Healthcare Plan:					
6/30/2020	\$ 1,278,089	\$ 230,946	\$ 1,047,143	\$ 473,348	48.8%
6/30/2019	949,686	262,134	687,552	435,990	60.1%
6/30/2018	625,762	344,463	281,299	422,984	81.4%

See notes to required supplementary information.

## CITY OF OAK PARK, MICHIGAN

### Notes to Required Supplementary Information

#### Pension Information

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

#### Notes to the Schedule of Changes in the City's Net Pension Liability and Related Ratios: General Employees' Retirement System

The June 30, 2020 changes in assumptions are due to the following:

- The mortality tables were changed to the Society of Actuaries tables for public employees.
- The discount rate decreased from 7.0% to 6.5%.

The June 30, 2019 changes in assumptions are due to the following:

- The mortality tables changed to the new government tables provided by the State.

The June 30, 2018 changes in assumptions are due to the following:

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

The June 30, 2017 changes in assumptions are due to the following:

- For the calculation of year end liabilities, the tax-exempt municipal bond rate increased from 3.18% to 3.58%.
- 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.

The June 30, 2016 changes in assumptions are due to the following:

- For the calculation of year end liabilities, the tax-exempt municipal bond rate decreased from 3.80% to 3.18%.
- The discount rate decreased from 7.38% to 6.07%.

The June 30, 2015 changes in assumptions are due to the following:

- 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%.
- The discount rate increased from 5.40% to 7.38%.

## CITY OF OAK PARK, MICHIGAN

### Notes to Required Supplementary Information

#### **Notes to the Schedule of Changes in the City's Net Pension Liability and Related Ratios: Public Safety Employees' Retirement System**

The June 30, 2020 changes in assumptions are due to the following:

- The mortality tables were changed to the Society of Actuaries tables for public employees.
- The discount rate decreased from 7.0% to 6.5%.

The June 30, 2019 changes in assumptions are due to the following:

- The mortality tables changed to the new government tables provided by the State.

The June 30, 2018 changes in assumptions are due to the following:

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

The June 30, 2017 changes in assumptions are due to the following:

- For the calculation of year end liabilities, the tax-exempt municipal bond rate increased from 3.18% to 3.58%.
- 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.

The June 30, 2016 changes in assumptions are due to the following:

- For the calculation of year end liabilities, the tax-exempt municipal bond rate decreased from 3.80% to 3.18%.
- The discount rate decreased from 7.83% to 7.27%.

The June 30, 2015 changes in assumptions are due to the following:

- The actuarial equivalence basis for converting between option forms of benefit payment was updated.

# CITY OF OAK PARK, MICHIGAN

## Notes to Required Supplementary Information

### Notes to Schedule of Contributions

Valuation date	July 1, 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 the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal level percent of pay
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	24 years
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	6.5 percent net of pension plan investment expense, including inflation
Mortality rates	Pub-2010 Public Retirement Plans Mortality Tables for with MP-2019; annuitant and non-annuitant, sex-distinct

## CITY OF OAK PARK, MICHIGAN

### Notes to Required Supplementary Information

#### OPEB Information

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

#### Notes to Schedule of Investment Returns

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

#### Notes to Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios: General Retiree Healthcare Plan

(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).

The June 30, 2020 changes in assumptions are due to the following:

- Mortality updated from RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, with MP-2017 (set-forward 10 years for disability)
- Trend Rates updated from Pre-65; 8.0% graded down to 5% over six years, 5.0% per annum for Medicare costs
- Discount rate updated from 3.0%

The June 30, 2019 changes in assumptions are due to the following:

- Discount rate lowered from 3.51% to 3.0%.

The June 30, 2018 changes in assumptions are due to the following:

- First valuation performed by Watkins Ross.
- The discount rate was lowered from 3.1% to 3.0%.
- The 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% for age 65 and after.
- The 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).

The June 30, 2017 changes in assumptions are due to the following:

- Discount rate lowered from 4.5% to 3.1%.

## CITY OF OAK PARK, MICHIGAN

### Notes to Required Supplementary Information

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

The June 30, 2020 changes in assumptions are due to the following:

- Mortality updated from RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, with MP-2017 (set-forward 10 years for disability)
- Trend Rates updated from Pre-65; 8.0% graded down to 5% over six years, 5.0% per annum for Medicare costs
- Timing of claims payments changed from middle of year to beginning of year
- Discount rate updated from 3.0%

The June 30, 2018 changes in assumptions are due to the following:

- First valuation performed by Watkins Ross.
- The discount rate was lowered from 3.1% to 3.0%.
- The 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% for age 65 and after.
- The 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).

The June 30, 2017 changes in assumptions are due to the following:

- Discount rate lowered from 4.5% to 3.1%.

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

The June 30, 2020 changes in assumptions are due to the following:

- Mortality updated from RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, with MP-2017 (set-forward 10 years for disability)
- Trend Rates updated from Pre-65; 8.0% graded down to 5% over six years, 5.0% per annum for Medicare costs
- Discount rate updated from 3.0%

The June 30, 2019 changes in assumptions are due to the following:

- Discount rate lowered from 3.51% to 3.0%.

The June 30, 2018 changes in assumptions are due to the following:

- First valuation performed by Watkins Ross.
- The discount rate was lowered from 3.1% to 3.0%.
- The 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% for age 65 and after.
- The 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).

## CITY OF OAK PARK, MICHIGAN

### Notes to Required Supplementary Information

#### Notes to Schedule of Contributions

Valuation date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of compensation
Remaining amortization period	24 years
Asset valuation method	Market value
Healthcare inflation rate	Pre-Medicare 8.25% graded down to 4.5% by 0.25% per year; Post Medicare, 6.5% graded down to 4.5% by 0.25% per year
Inflation rate	2.0 percent
Salary increases	2.5 percent
Investment rate of return	4.5 percent, including inflation
Mortality rates	2010 Public General Employees and Healthy Retirees, Headcount weighted

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

# CITY OF OAK PARK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
<b>Assets</b>				
Cash and investments	\$ 4,809,911	\$ 729,497	\$ 1,411,809	\$ 6,951,217
Receivables:				
Special assessments	261,832	-	14,774	276,606
Accounts	586,589	4,547	-	591,136
Due from other governments	425,501	-	-	425,501
Prepaid items	82	-	-	82
<b>Total assets</b>	<u>\$ 6,083,915</u>	<u>\$ 734,044</u>	<u>\$ 1,426,583</u>	<u>\$ 8,244,542</u>
<b>Liabilities</b>				
Accounts payable	\$ 759,340	\$ -	\$ 133,365	\$ 892,705
Accrued liabilities	92,379	39,000	15,328	146,707
Due to other funds	38,877	-	-	38,877
<b>Total liabilities</b>	<u>890,596</u>	<u>39,000</u>	<u>148,693</u>	<u>1,078,289</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	261,832	-	3,018	264,850
Unavailable revenue - grants	24,950	-	-	24,950
<b>Total deferred inflows of resources</b>	<u>286,782</u>	<u>-</u>	<u>3,018</u>	<u>289,800</u>
<b>Fund balances</b>				
Nonspendable	82	-	-	82
Restricted	4,621,130	695,044	264,241	5,580,415
Assigned	298,850	-	1,010,631	1,309,481
Unassigned (deficit)	(13,525)	-	-	(13,525)
<b>Total fund balances</b>	<u>4,906,537</u>	<u>695,044</u>	<u>1,274,872</u>	<u>6,876,453</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 6,083,915</u>	<u>\$ 734,044</u>	<u>\$ 1,426,583</u>	<u>\$ 8,244,542</u>

# CITY OF OAK PARK, MICHIGAN

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

Nonmajor Governmental Funds  
For the Year Ended June 30, 2020

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
<b>Revenues</b>				
Property taxes	\$ 2,119,940	\$ 2,337,816	\$ -	\$ 4,457,756
Special assessments	122,610	-	122,149	244,759
Intergovernmental:				
Federal grants	125,415	-	-	125,415
State grants	3,457,093	11,341	-	3,468,434
Charges for services	1,743,801	-	-	1,743,801
Fines and forfeitures	75,238	-	46,282	121,520
Interest income	101,028	44,352	28,023	173,403
Other revenue	242,391	-	358,974	601,365
<b>Total revenues</b>	<u>7,987,516</u>	<u>2,393,509</u>	<u>555,428</u>	<u>10,936,453</u>
<b>Expenditures</b>				
Current:				
Judicial	2,361,940	-	-	2,361,940
Public safety	42,604	-	-	42,604
Road maintenance and repair	4,016,353	-	-	4,016,353
Public works	-	-	39,695	39,695
Health and sanitation	2,800,210	-	-	2,800,210
Library	562,446	-	-	562,446
Community development	108,814	-	181,478	290,292
Debt service:				
Principal	-	1,580,000	-	1,580,000
Interest and fiscal charges	-	1,079,109	-	1,079,109
<b>Total expenditures</b>	<u>9,892,367</u>	<u>2,659,109</u>	<u>221,173</u>	<u>12,772,649</u>
Revenues over (under) expenditures	<u>(1,904,851)</u>	<u>(265,600)</u>	<u>334,255</u>	<u>(1,836,196)</u>
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	-	9,145,000	-	9,145,000
Premium on issuance of long-term debt	-	849,782	-	849,782
Payments to refund bond escrow agent	-	(10,023,119)	-	(10,023,119)
Transfers in	2,438,388	10,017,898	3,000	12,459,286
Transfers out	(787,170)	(9,865,850)	(218,000)	(10,871,020)
<b>Total other financing sources (uses)</b>	<u>1,651,218</u>	<u>123,711</u>	<u>(215,000)</u>	<u>1,559,929</u>
<b>Net change in fund balances</b>	<u>(253,633)</u>	<u>(141,889)</u>	<u>119,255</u>	<u>(276,267)</u>
Fund balances, beginning of year	<u>5,160,170</u>	<u>836,933</u>	<u>1,155,617</u>	<u>7,152,720</u>
<b>Fund balances, end of year</b>	<u>\$ 4,906,537</u>	<u>\$ 695,044</u>	<u>\$ 1,274,872</u>	<u>\$ 6,876,453</u>

# CITY OF OAK PARK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds

June 30, 2020

	Major Streets	Local Streets	Solid Waste	Narcotics Forfeiture
<b>Assets</b>				
Cash and investments	\$ 672,852	\$ 1,862,145	\$ 1,259,230	\$ 51,195
Receivables:				
Special assessments	261,832	-	-	-
Accounts	4,848	10,916	565,331	-
Due from other governments	271,849	105,968	-	-
Prepaid items	81	-	-	-
<b>Total assets</b>	<u>\$ 1,211,462</u>	<u>\$ 1,979,029</u>	<u>\$ 1,824,561</u>	<u>\$ 51,195</u>
<b>Liabilities</b>				
Accounts payable	\$ 246,707	\$ 163,444	\$ 89,307	\$ -
Accrued liabilities	9,887	9,771	23,970	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>256,594</u>	<u>173,215</u>	<u>113,277</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - special assessments	261,832	-	-	-
Unavailable revenue - grants	-	10,525	-	-
<b>Total deferred inflows of resources</b>	<u>261,832</u>	<u>10,525</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	81	-	-	-
Restricted	692,955	1,795,289	1,711,284	51,195
Assigned	-	-	-	-
Unassigned (deficits)	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>693,036</u>	<u>1,795,289</u>	<u>1,711,284</u>	<u>51,195</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 1,211,462</u>	<u>\$ 1,979,029</u>	<u>\$ 1,824,561</u>	<u>\$ 51,195</u>



Criminal Justice Training	Community Development Block Grant	Indigent Defense Grant	Caseflow Assistance	Veterans Treatment Court Grant	45th District Court
\$ 20,365	\$ -	\$ 223,749	\$ 19,163	\$ -	\$ 242,712
-	-	-	-	-	-
-	-	-	-	-	2,042
-	9,382	900	-	8,646	-
-	-	-	-	-	-
<u>\$ 20,365</u>	<u>\$ 9,382</u>	<u>\$ 224,649</u>	<u>\$ 19,163</u>	<u>\$ 8,646</u>	<u>\$ 244,754</u>
\$ -	\$ -	\$ 6,862	\$ -	\$ 2,363	\$ 197,401
-	253	-	-	425	29,616
-	9,129	-	-	5,858	17,737
-	9,382	6,862	-	8,646	244,754
-	-	-	-	-	-
-	253	900	-	719	-
-	253	900	-	719	-
-	-	-	-	-	-
20,365	-	216,887	19,163	-	-
-	-	-	-	-	-
-	(253)	-	-	(719)	-
20,365	(253)	216,887	19,163	(719)	-
<u>\$ 20,365</u>	<u>\$ 9,382</u>	<u>\$ 224,649</u>	<u>\$ 19,163</u>	<u>\$ 8,646</u>	<u>\$ 244,754</u>

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# CITY OF OAK PARK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds

June 30, 2020

	Library	Mental Health Court Grant	Total
<b>Assets</b>			
Cash and investments	\$ 458,500	\$ -	\$ 4,809,911
Receivables:			
Special assessments	-	-	261,832
Accounts	-	3,452	586,589
Due from other governments	-	28,756	425,501
Prepaid items	1	-	82
<b>Total assets</b>	<u>\$ 458,501</u>	<u>\$ 32,208</u>	<u>\$ 6,083,915</u>
<b>Liabilities</b>			
Accounts payable	\$ 27,584	\$ 25,672	\$ 759,340
Accrued liabilities	18,074	383	92,379
Due to other funds	-	6,153	38,877
<b>Total liabilities</b>	<u>45,658</u>	<u>32,208</u>	<u>890,596</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - special assessments	-	-	261,832
Unavailable revenue - grants	-	12,553	24,950
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>12,553</u>	<u>286,782</u>
<b>Fund balances</b>			
Nonspendable	1	-	82
Restricted	113,992	-	4,621,130
Assigned	298,850	-	298,850
Unassigned (deficits)	-	(12,553)	(13,525)
<b>Total fund balances (deficits)</b>	<u>412,843</u>	<u>(12,553)</u>	<u>4,906,537</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 458,501</u>	<u>\$ 32,208</u>	<u>\$ 6,083,915</u>

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# CITY OF OAK PARK, MICHIGAN

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

Nonmajor Governmental Funds  
Special Revenue Funds  
For the Year Ended June 30, 2020

	Major Streets	Local Streets	Solid Waste	Narcotics Forfeiture
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 1,410,044	\$ -
Special assessments	68,144	54,466	-	-
Intergovernmental:				
Federal grants	-	-	-	13,165
State grants	1,951,422	766,247	6,667	-
Charges for services	-	-	1,590,085	-
Fines and forfeitures	-	-	-	2,000
Interest income	25,571	28,868	33,271	1,080
Other revenue	133,505	97,129	-	-
<b>Total revenues</b>	<u>2,178,642</u>	<u>946,710</u>	<u>3,040,067</u>	<u>16,245</u>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
Public safety	-	-	-	36,902
Road maintenance and repair	2,946,951	1,069,402	-	-
Health and sanitation	-	-	2,800,210	-
Library	-	-	-	-
Community development	-	-	-	-
<b>Total expenditures</b>	<u>2,946,951</u>	<u>1,069,402</u>	<u>2,800,210</u>	<u>36,902</u>
Revenues over (under) expenditures	<u>(768,309)</u>	<u>(122,692)</u>	<u>239,857</u>	<u>(20,657)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	695,000	-	-
Transfers out	<u>(695,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(695,000)</u>	<u>695,000</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(1,463,309)</u>	<u>572,308</u>	<u>239,857</u>	<u>(20,657)</u>
Fund balances (deficits), beginning of year	<u>2,156,345</u>	<u>1,222,981</u>	<u>1,471,427</u>	<u>71,852</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 693,036</u>	<u>\$ 1,795,289</u>	<u>\$ 1,711,284</u>	<u>\$ 51,195</u>





Criminal Justice Training	Community Development Block Grant	Indigent Defense Grant	Caseflow Assistance	Veterans Treatment Court Grant	45th District Court
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	112,250	-	-	-	-
7,920	-	388,466	7,699	47,976	91,448
-	-	-	-	-	143,085
-	-	-	-	-	4,920
359	-	-	292	-	-
-	-	7,310	-	-	-
8,279	112,250	395,776	7,991	47,976	239,453
-	-	286,920	12,348	46,511	1,898,501
5,702	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	108,814	-	-	-	-
5,702	108,814	286,920	12,348	46,511	1,898,501
2,577	3,436	108,856	(4,357)	1,465	(1,659,048)
-	-	42,170	-	-	1,701,218
-	-	-	-	-	(42,170)
-	-	42,170	-	-	1,659,048
2,577	3,436	151,026	(4,357)	1,465	-
17,788	(3,689)	65,861	23,520	(2,184)	-
\$ 20,365	\$ (253)	\$ 216,887	\$ 19,163	\$ (719)	\$ -

continued...

## CITY OF OAK PARK, MICHIGAN

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

Nonmajor Governmental Funds  
Special Revenue Funds  
For the Year Ended June 30, 2020

	Library	Mental Health Court Grant	Total
<b>Revenues</b>			
Property taxes	\$ 709,896	\$ -	\$ 2,119,940
Special assessments	-	-	122,610
Intergovernmental:			
Federal grants	-	-	125,415
State grants	33,853	155,395	3,457,093
Charges for services	10,631	-	1,743,801
Fines and forfeitures	68,318	-	75,238
Interest income	11,587	-	101,028
Other revenue	4,447	-	242,391
<b>Total revenues</b>	<u>838,732</u>	<u>155,395</u>	<u>7,987,516</u>
<b>Expenditures</b>			
Current:			
Judicial	-	117,660	2,361,940
Public safety	-	-	42,604
Road maintenance and repair	-	-	4,016,353
Health and sanitation	-	-	2,800,210
Library	562,446	-	562,446
Community development	-	-	108,814
<b>Total expenditures</b>	<u>562,446</u>	<u>117,660</u>	<u>9,892,367</u>
Revenues over (under) expenditures	<u>276,286</u>	<u>37,735</u>	<u>(1,904,851)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	2,438,388
Transfers out	(50,000)	-	(787,170)
<b>Total other financing sources (uses)</b>	<u>(50,000)</u>	<u>-</u>	<u>1,651,218</u>
<b>Net change in fund balances</b>	<u>226,286</u>	<u>37,735</u>	<u>(253,633)</u>
Fund balances (deficits), beginning of year	<u>186,557</u>	<u>(50,288)</u>	<u>5,160,170</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 412,843</u>	<u>\$ (12,553)</u>	<u>\$ 4,906,537</u>

concluded.

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 65,856	\$ 65,856	\$ 68,144	\$ 2,288
Intergovernmental -				
State grants	1,933,000	1,924,285	1,951,422	27,137
Interest income	5,330	23,291	25,571	2,280
Other revenue	70,000	109,747	133,505	23,758
<b>Total revenues</b>	2,074,186	2,123,179	2,178,642	55,463
<b>Expenditures</b>				
Current -				
Road maintenance and repair	1,661,186	3,420,179	2,946,951	(473,228)
Revenues over (under) expenditures	413,000	(1,297,000)	(768,309)	(528,691)
<b>Other financing uses</b>				
Transfers out	(695,000)	(695,000)	(695,000)	-
<b>Net change in fund balance</b>	(282,000)	(1,992,000)	(1,463,309)	528,691
Fund balance, beginning of year	2,156,345	2,156,345	2,156,345	-
<b>Fund balance, end of year</b>	<u>\$ 1,874,345</u>	<u>\$ 164,345</u>	<u>\$ 693,036</u>	<u>\$ 528,691</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Local Streets Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 20,000	\$ 62,215	\$ 54,466	\$ (7,749)
Intergovernmental -				
State grants	753,000	753,923	766,247	12,324
Interest income	2,498	22,020	28,868	6,848
Other revenue	-	97,129	97,129	-
<b>Total revenues</b>	775,498	935,287	946,710	11,423
<b>Expenditures</b>				
Current -				
Road maintenance and repair	1,253,498	1,338,287	1,069,402	(268,885)
Revenues under expenditures	(478,000)	(403,000)	(122,692)	280,308
<b>Other financing sources</b>				
Transfers in	695,000	695,000	695,000	-
<b>Net change in fund balance</b>	217,000	292,000	572,308	280,308
Fund balance, beginning of year	1,222,981	1,222,981	1,222,981	-
<b>Fund balance, end of year</b>	<u>\$ 1,439,981</u>	<u>\$ 1,514,981</u>	<u>\$ 1,795,289</u>	<u>\$ 280,308</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Solid Waste Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 1,393,793	\$ 1,407,293	\$ 1,410,044	\$ 2,751
Intergovernmental-				
State grants	6,700	6,667	6,667	-
Charges for services	1,573,000	1,545,000	1,590,085	45,085
Interest income	13,244	29,277	33,271	3,994
<b>Total revenues</b>	2,986,737	2,988,237	3,040,067	51,830
<b>Expenditures</b>				
Current -				
Health and sanitation	2,986,737	2,988,237	2,800,210	(188,027)
<b>Net change in fund balance</b>	-	-	239,857	239,857
Fund balance, beginning of year	1,471,427	1,471,427	1,471,427	-
<b>Fund balance, end of year</b>	<u>\$ 1,471,427</u>	<u>\$ 1,471,427</u>	<u>\$ 1,711,284</u>	<u>\$ 239,857</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Narcotics Forfeiture Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
Federal grants	\$ -	\$ 13,165	\$ 13,165	\$ -
Fines and forfeitures	5,000	5,000	2,000	(3,000)
Interest income	400	400	1,080	680
<b>Total revenues</b>	5,400	18,565	16,245	(2,320)
<b>Expenditures</b>				
Current -				
Public safety	24,400	42,482	36,902	(5,580)
<b>Net change in fund balance</b>	(19,000)	(23,917)	(20,657)	3,260
Fund balance, beginning of year	71,852	71,852	71,852	-
<b>Fund balance, end of year</b>	<u>\$ 52,852</u>	<u>\$ 47,935</u>	<u>\$ 51,195</u>	<u>\$ 3,260</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Criminal Justice Training Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
State grants	\$ 8,500	\$ 8,500	\$ 7,920	\$ (580)
Interest income	25	25	359	334
<b>Total revenues</b>	8,525	8,525	8,279	(246)
<b>Expenditures</b>				
Current -				
Public safety	8,525	8,525	5,702	(2,823)
<b>Net change in fund balance</b>	-	-	2,577	2,577
Fund balance, beginning of year	17,788	17,788	17,788	-
<b>Fund balance, end of year</b>	<u>\$ 17,788</u>	<u>\$ 17,788</u>	<u>\$ 20,365</u>	<u>\$ 2,577</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Community Development Block Grant Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 118,326	\$ 118,326	\$ 112,250	\$ (6,076)
<b>Expenditures</b>				
Current -				
Community development	118,326	118,326	108,814	(9,512)
<b>Net change in fund balance</b>	-	-	3,436	3,436
Fund balance (deficit), beginning of year	-	-	(3,689)	(3,689)
<b>Fund balance (deficit), end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (253)</u>	<u>\$ (253)</u>



## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Indigent Defense Grant Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State grants	\$ 511,328	\$ 454,539	\$ 388,466	\$ (66,073)
Other revenue	-	-	7,310	7,310
<b>Total revenues</b>	511,328	454,539	395,776	(58,763)
<b>Expenditures</b>				
Current -				
Judicial	511,328	515,430	286,920	(228,510)
Revenues over (under) expenditures	-	(60,891)	108,856	169,747
<b>Other financing sources</b>				
Transfers in	-	42,170	42,170	-
<b>Net change in fund balance</b>	-	(18,721)	151,026	169,747
Fund balance, beginning of year	65,861	65,861	65,861	-
<b>Fund balance, end of year</b>	<u>\$ 65,861</u>	<u>\$ 47,140</u>	<u>\$ 216,887</u>	<u>\$ 169,747</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Casflow Assistance Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
State grants	\$ 20,000	\$ 20,000	\$ 7,699	\$ (12,301)
Interest income	2,100	2,100	292	(1,808)
<b>Total revenues</b>	22,100	22,100	7,991	(14,109)
<b>Expenditures</b>				
Current -				
Judicial	20,100	31,025	12,348	(18,677)
<b>Net change in fund balance</b>	2,000	(8,925)	(4,357)	4,568
Fund balance, beginning of year	23,520	23,520	23,520	-
<b>Fund balance, end of year</b>	<u>\$ 25,520</u>	<u>\$ 14,595</u>	<u>\$ 19,163</u>	<u>\$ 4,568</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Veterans Treatment Court Grant

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
State grants	\$ 52,400	\$ 52,400	\$ 47,976	\$ (4,424)
<b>Expenditures</b>				
Current -				
Judicial	52,400	52,400	46,511	(5,889)
<b>Net change in fund balance</b>	-	-	1,465	1,465
Fund balance (deficit), beginning of year	-	-	(2,184)	(2,184)
<b>Fund balance (deficit), end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (719)</u>	<u>\$ (719)</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - 45th District Court Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
State grants	\$ 91,448	\$ 91,448	\$ 91,448	\$ -
Charges for services	150,000	150,000	143,085	(6,915)
Fines and forfeitures	-	-	4,920	4,920
<b>Total revenues</b>	241,448	241,448	239,453	(1,995)
<b>Expenditures</b>				
Current -				
Judicial	2,099,280	2,057,110	1,898,501	(158,609)
Revenues under expenditures	(1,857,832)	(1,815,662)	(1,659,048)	156,614
<b>Other financing sources (uses)</b>				
Transfers in	1,857,832	1,857,832	1,701,218	(156,614)
Transfers out	-	(42,170)	(42,170)	-
<b>Total other financing sources (uses)</b>	1,857,832	1,815,662	1,659,048	(156,614)
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Library Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 702,349	\$ 708,449	\$ 709,896	\$ 1,447
Intergovernmental -				
State grants	27,000	33,865	33,853	(12)
Charges for services	12,500	10,750	10,631	(119)
Fines and forfeitures	71,810	68,325	68,318	(7)
Interest income	7,500	9,800	11,587	1,787
Other revenue	-	3,810	4,447	637
<b>Total revenues</b>	821,159	834,999	838,732	3,733
<b>Expenditures</b>				
Current -				
Library	767,159	791,574	562,446	(229,128)
Revenues over expenditures	54,000	43,425	276,286	232,861
<b>Other financing uses</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>Net change in fund balance</b>	4,000	(6,575)	226,286	232,861
Fund balance, beginning of year	186,557	186,557	186,557	-
<b>Fund balance, end of year</b>	<u>\$ 190,557</u>	<u>\$ 179,982</u>	<u>\$ 412,843</u>	<u>\$ 232,861</u>

## CITY OF OAK PARK, MICHIGAN

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

Budget and Actual - Mental Health Court Grant Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental -				
State grants	\$ 120,000	\$ 120,000	\$ 155,395	\$ 35,395
<b>Expenditures</b>				
Current -				
Judicial	120,000	120,000	117,660	(2,340)
<b>Net change in fund balance</b>	-	-	37,735	37,735
Fund balance (deficit), beginning of year	(50,288)	(50,288)	(50,288)	-
<b>Fund balance (deficit), end of year</b>	<u>\$ (50,288)</u>	<u>\$ (50,288)</u>	<u>\$ (12,553)</u>	<u>\$ 37,735</u>

# CITY OF OAK PARK, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

Debt Service Funds

June 30, 2020

	2015 Refunding Bond	2012 Street Refunding Bond	2010 Municipal Complex Bond	2011 Library and Recreation Lease	2020 Refunding Bond	Total
<b>Assets</b>						
Cash and investments	\$ 222,076	\$ 454,354	\$ 53,067	\$ -	\$ -	\$ 729,497
Receivables -						
Accounts	-	-	-	-	4,547	4,547
<b>Total assets</b>	<u>\$ 222,076</u>	<u>\$ 454,354</u>	<u>\$ 53,067</u>	<u>\$ -</u>	<u>\$ 4,547</u>	<u>\$ 734,044</u>
<b>Liabilities</b>						
Accrued liabilities	\$ 13,000	\$ 12,000	\$ 14,000	\$ -	\$ -	\$ 39,000
<b>Fund balances</b>						
Restricted	209,076	442,354	39,067	-	4,547	695,044
<b>Total liabilities and fund balances</b>	<u>\$ 222,076</u>	<u>\$ 454,354</u>	<u>\$ 53,067</u>	<u>\$ -</u>	<u>\$ 4,547</u>	<u>\$ 734,044</u>

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# CITY OF OAK PARK, MICHIGAN

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

Nonmajor Governmental Funds

Debt Service Funds

For the Year Ended June 30, 2020

	2015 Refunding Bond	2012 Street Refunding Bond	2010 Municipal Complex Bond	2011 Library and Recreation Lease	2020 Refunding Bond	Total
<b>Revenues</b>						
Property taxes	\$ 735,912	\$ 774,267	\$ 827,637	\$ -	\$ -	\$ 2,337,816
Intergovernmental -						
State grants	3,493	3,773	4,075	-	-	11,341
Interest income	12,454	18,863	13,035	-	-	44,352
<b>Total revenues</b>	<b>751,859</b>	<b>796,903</b>	<b>844,747</b>	<b>-</b>	<b>-</b>	<b>2,393,509</b>
<b>Expenditures</b>						
Debt service:						
Principal	465,000	610,000	425,000	80,000	-	1,580,000
Interest and fiscal charges	261,978	137,698	420,429	72,048	186,956	1,079,109
<b>Total expenditures</b>	<b>726,978</b>	<b>747,698</b>	<b>845,429</b>	<b>152,048</b>	<b>186,956</b>	<b>2,659,109</b>
<b>Revenues over (under) expenditures</b>	<b>24,881</b>	<b>49,205</b>	<b>(682)</b>	<b>(152,048)</b>	<b>(186,956)</b>	<b>(265,600)</b>
<b>Other financing sources (uses)</b>						
Issuance of long-term debt	-	-	-	-	9,145,000	9,145,000
Premium on issuance of long-term debt	-	-	-	-	849,782	849,782
Payments to refund bond escrow agent	-	-	(10,023,119)	-	-	(10,023,119)
Transfers in	-	-	9,865,850	152,048	-	10,017,898
Transfers out	-	(62,571)	-	-	(9,803,279)	(9,865,850)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(62,571)</b>	<b>(157,269)</b>	<b>152,048</b>	<b>191,503</b>	<b>123,711</b>
<b>Net change in fund balances</b>	<b>24,881</b>	<b>(13,366)</b>	<b>(157,951)</b>	<b>-</b>	<b>4,547</b>	<b>(141,889)</b>
Fund balances, beginning of year	184,195	455,720	197,018	-	-	836,933
<b>Fund balances, end of year</b>	<b>\$ 209,076</b>	<b>\$ 442,354</b>	<b>\$ 39,067</b>	<b>\$ -</b>	<b>\$ 4,547</b>	<b>\$ 695,044</b>

## CITY OF OAK PARK, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

Capital Projects Funds

June 30, 2020

	Public Improvement	City-Owned Property	Sidewalk Program
<b>Assets</b>			
Cash and investments	\$ 367,080	\$ 318,616	\$ 223,255
Receivables -			
Special assessments	-	-	14,774
<b>Total assets</b>	<u>\$ 367,080</u>	<u>\$ 318,616</u>	<u>\$ 238,029</u>
<b>Liabilities</b>			
Accounts payable	\$ 49,524	\$ 15,000	\$ -
Accrued liabilities	-	-	15,328
<b>Total liabilities</b>	<u>49,524</u>	<u>15,000</u>	<u>15,328</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - special assessments	-	-	3,018
<b>Fund balances</b>			
Restricted	-	-	219,683
Assigned	317,556	303,616	-
<b>Total fund balance</b>	<u>317,556</u>	<u>303,616</u>	<u>219,683</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 367,080</u>	<u>\$ 318,616</u>	<u>\$ 238,029</u>

Municipal Building Construction	Municipal Complex Construction	Total
\$ 458,300	\$ 44,558	\$ 1,411,809
-	-	14,774
<u>\$ 458,300</u>	<u>\$ 44,558</u>	<u>\$ 1,426,583</u>
\$ 68,841	\$ -	\$ 133,365
-	-	15,328
<u>68,841</u>	<u>-</u>	<u>148,693</u>
-	-	3,018
-	44,558	264,241
<u>389,459</u>	<u>-</u>	<u>1,010,631</u>
<u>389,459</u>	<u>44,558</u>	<u>1,274,872</u>
<u>\$ 458,300</u>	<u>\$ 44,558</u>	<u>\$ 1,426,583</u>

## CITY OF OAK PARK, MICHIGAN

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

Nonmajor Governmental Funds

Capital Project Funds

For the Year Ended June 30, 2020

	Public Improvement	City-Owned Property	Sidewalk Program
<b>Revenues</b>			
Special assessments	\$ -	\$ -	\$ 122,149
Fines and forfeitures	-	-	-
Interest income	8,777	6,246	3,304
Other revenue	163,000	148,607	-
<b>Total revenues</b>	<u>171,777</u>	<u>154,853</u>	<u>125,453</u>
<b>Expenditures</b>			
Public works	-	-	39,606
Community development	165,866	15,603	-
<b>Total expenditures</b>	<u>165,866</u>	<u>15,603</u>	<u>39,606</u>
Revenues over expenditures	<u>5,911</u>	<u>139,250</u>	<u>85,847</u>
<b>Other financing sources (uses)</b>			
Transfers in	3,000	-	-
Transfers out	(215,000)	(3,000)	-
<b>Total other financing sources (uses)</b>	<u>(212,000)</u>	<u>(3,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	(206,089)	136,250	85,847
Fund balances, beginning of year	<u>523,645</u>	<u>167,366</u>	<u>133,836</u>
<b>Fund balances, end of year</b>	<u>\$ 317,556</u>	<u>\$ 303,616</u>	<u>\$ 219,683</u>



Municipal Building Construction	Municipal Complex Construction	Total
\$ -	\$ -	\$ 122,149
46,282	-	46,282
8,837	859	28,023
47,367	-	358,974
102,486	859	555,428
89	-	39,695
-	9	181,478
89	9	221,173
102,397	850	334,255
-	-	3,000
-	-	(218,000)
-	-	(215,000)
102,397	850	119,255
287,062	43,708	1,155,617
\$ 389,459	\$ 44,558	\$ 1,274,872

## CITY OF OAK PARK, MICHIGAN

### Combining Statement of Net Position

Internal Service Funds

June 30, 2020

	Risk Management	Motor Pool	Retirees Health Care Court	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 292,668	\$ 114,749	\$ 25,431	\$ 432,848
Prepaid items	19,771	-	11,995	31,766
Total current assets	312,439	114,749	37,426	464,614
Noncurrent assets -				
Capital assets being depreciated, net	-	1,306,639	-	1,306,639
<b>Total assets</b>	312,439	1,421,388	37,426	1,771,253
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	23,896	-	23,896
Accrued liabilities	-	2,680	-	2,680
<b>Total liabilities</b>	-	26,576	-	26,576
<b>Net position</b>				
Investment in capital assets	-	1,306,639	-	1,306,639
Unrestricted	312,439	88,173	37,426	438,038
<b>Total net position</b>	\$ 312,439	\$ 1,394,812	\$ 37,426	\$ 1,744,677

## CITY OF OAK PARK, MICHIGAN

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

Internal Service Funds

For the Year Ended June 30, 2020

	Risk Management	Motor Pool	Retirees Health Care Court	Total
<b>Operating revenues</b>				
Charges for services	\$ 553,662	\$ 1,102,103	\$ 87,100	\$ 1,742,865
Fines and forfeitures	-	-	143,846	143,846
Other	61,502	-	-	61,502
<b>Total operating revenues</b>	<u>615,164</u>	<u>1,102,103</u>	<u>230,946</u>	<u>1,948,213</u>
<b>Operating expenses</b>				
Depreciation	-	198,799	-	198,799
Wages and benefits	231,809	97,259	206,433	535,501
Insurance	386,842	-	-	386,842
Gasoline	-	129,546	-	129,546
Professional services	41	72,427	-	72,468
Supplies	-	157,621	-	157,621
<b>Total operating expenses</b>	<u>618,692</u>	<u>655,652</u>	<u>206,433</u>	<u>1,480,777</u>
Operating income (loss)	(3,528)	446,451	24,513	467,436
<b>Nonoperating revenues</b>				
Interest income	3,528	362	561	4,451
<b>Change in net position</b>	-	446,813	25,074	471,887
Net position, beginning of year	312,439	947,999	12,352	1,272,790
<b>Net position, end of year</b>	<u>\$ 312,439</u>	<u>\$ 1,394,812</u>	<u>\$ 37,426</u>	<u>\$ 1,744,677</u>

# CITY OF OAK PARK, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2020

	Risk Management	Motor Pool	Retirees Health Care Court	Total
<b>Cash flows from operating activities</b>				
Receipts from interfund services	\$ 581,723	\$ 1,102,103	\$ 87,100	\$ 1,770,926
Miscellaneous receipts	61,502	-	143,846	205,348
Payments to suppliers	(360,509)	(370,506)	-	(731,015)
Payments to employees	(231,809)	(96,684)	(206,076)	(534,569)
<b>Net cash provided by operating activities</b>	50,907	634,913	24,870	710,690
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets	-	(566,069)	-	(566,069)
<b>Cash flows from investing activities</b>				
Interest and dividends	3,528	362	561	4,451
<b>Net change in cash and investments</b>	54,435	69,206	25,431	149,072
Cash and investments, beginning of year	238,233	45,543	-	283,776
<b>Cash and investments, end of year</b>	<u>\$ 292,668</u>	<u>\$ 114,749</u>	<u>\$ 25,431</u>	<u>\$ 432,848</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (3,528)	\$ 446,451	\$ 24,513	\$ 467,436
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	-	198,799	-	198,799
Change in assets and liabilities:				
Accounts receivable	28,061	-	-	28,061
Prepaid items	26,374	-	474	26,848
Accounts payable	-	(10,912)	(117)	(11,029)
Accrued liabilities	-	575	-	575
<b>Net cash provided by operating activities</b>	<u>\$ 50,907</u>	<u>\$ 634,913</u>	<u>\$ 24,870</u>	<u>\$ 710,690</u>



## CITY OF OAK PARK, MICHIGAN

### Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2020

	Payroll Fund	Escrow Fund	Tax Fund	Agency Fund	Total Agency Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 28,088	\$ 763,823	\$ -	\$ 914	\$ 792,825
Due from other governments	-	-	29,223	-	29,223
<b>Total assets</b>	<u>\$ 28,088</u>	<u>\$ 763,823</u>	<u>\$ 29,223</u>	<u>\$ 914</u>	<u>\$ 822,048</u>
<b>Liabilities</b>					
Undistributed receipts	<u>\$ 28,088</u>	<u>\$ 763,823</u>	<u>\$ 29,223</u>	<u>\$ 914</u>	<u>\$ 822,048</u>

# CITY OF OAK PARK, MICHIGAN

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Payroll Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 30,479	\$ 11,593,662	\$ (11,596,053)	\$ 28,088
<b>Liabilities</b>				
Undistributed receipts	\$ 30,479	\$ 11,593,662	\$ (11,596,053)	\$ 28,088
<b>Escrow Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 836,255	\$ 255,778	\$ (328,210)	\$ 763,823
<b>Liabilities</b>				
Undistributed receipts	\$ 836,255	\$ 255,778	\$ (328,210)	\$ 763,823
<b>Tax Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 132,003	\$ 16,100,223	\$ (16,232,226)	\$ -
Due from other governments	18,373	20,786	(9,936)	29,223
<b>Total assets</b>	\$ 150,376	\$ 16,121,009	\$ (16,242,162)	\$ 29,223
<b>Liabilities</b>				
Undistributed receipts	\$ 150,376	\$ 16,121,009	\$ (16,242,162)	\$ 29,223
<b>Agency Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 30,008,122	\$ (30,007,208)	\$ 914
<b>Liabilities</b>				
Undistributed receipts	\$ -	\$ 30,008,122	\$ (30,007,208)	\$ 914

continued...

## CITY OF OAK PARK, MICHIGAN

### Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Total All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 998,737	\$ 57,957,785	\$ (58,163,697)	\$ 792,825
Due from other governments	18,373	20,786	(9,936)	29,223
<b>Total assets</b>	<u>\$ 1,017,110</u>	<u>\$ 57,978,571</u>	<u>\$ (58,173,633)</u>	<u>\$ 822,048</u>
<b>Liabilities</b>				
Undistributed receipts	<u>\$ 1,017,110</u>	<u>\$ 57,978,571</u>	<u>\$ (58,173,633)</u>	<u>\$ 822,048</u>

concluded.

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## **STATISTICAL SECTION**

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# CITY OF OAK PARK, MICHIGAN

## 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.

	<b><u>Page</u></b>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 146
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 156
<b>Debt Capacity</b>	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. 162
<b>Demographic and Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 167
<b>Operating Information</b>	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. 174

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

## CITY OF OAK PARK, MICHIGAN

### Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015
<b>Governmental activities</b>					
Net investment in capital assets	\$ 2,076,411	\$ 1,805,028	\$ 13,132,212	\$ 14,247,686	\$ 14,000,594
Restricted	16,892,886	16,169,292	6,911,104	4,887,899	4,317,193
Unrestricted (deficit)	(7,479,222)	(12,720,940)	(18,447,947)	(20,223,425)	(68,221,764)
<b>Total governmental activities</b>	<u>\$ 11,490,075</u>	<u>\$ 5,253,380</u>	<u>\$ 1,595,369</u>	<u>\$ (1,087,840)</u>	<u>\$ (49,903,977)</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 17,689,440	\$ 15,566,968	\$ 16,175,706	\$ 16,773,566	\$ 17,818,784
Unrestricted	1,623,541	4,345,077	4,653,218	6,175,448	733,114
<b>Total business-type activities</b>	<u>\$ 19,312,981</u>	<u>\$ 19,912,045</u>	<u>\$ 20,828,924</u>	<u>\$ 22,949,014</u>	<u>\$ 18,551,898</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 19,765,851	\$ 17,371,996	\$ 29,307,918	\$ 31,021,252	\$ 31,819,378
Restricted	16,892,886	16,169,292	6,911,104	4,887,899	4,317,193
Unrestricted (deficit)	(5,855,681)	(8,375,863)	(13,794,729)	(14,047,977)	(67,488,650)
<b>Total primary government</b>	<u>\$ 30,803,056</u>	<u>\$ 25,165,425</u>	<u>\$ 22,424,293</u>	<u>\$ 21,861,174</u>	<u>\$ (31,352,079)</u>

Source: City's annual financial statements

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.

Note: GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.



Schedule 1  
Unaudited

2016	2017	2018	2019	2020
\$ 15,052,182	\$ 16,080,881	\$ 15,026,750	\$ 16,135,780	\$ 18,246,707
4,464,360	3,372,538	4,388,861	5,915,132	5,711,679
(66,961,297)	(62,472,772)	(115,747,281)	(125,598,845)	(115,166,123)
<u>\$ (47,444,755)</u>	<u>\$ (43,019,353)</u>	<u>\$ (96,331,670)</u>	<u>\$ (103,547,933)</u>	<u>\$ (91,207,737)</u>
\$ 19,700,636	\$ 20,845,966	\$ 22,094,929	\$ 23,682,823	\$ 25,860,979
(1,894,698)	(1,633,533)	(9,270,130)	(9,299,373)	(7,280,295)
<u>\$ 17,805,938</u>	<u>\$ 19,212,433</u>	<u>\$ 12,824,799</u>	<u>\$ 14,383,450</u>	<u>\$ 18,580,684</u>
\$ 34,752,818	\$ 36,926,847	\$ 37,121,679	\$ 39,818,603	\$ 44,107,686
4,464,360	3,372,538	4,388,861	5,915,132	5,711,679
(68,855,995)	(64,106,305)	(125,017,411)	(134,898,218)	(122,446,418)
<u>\$ (29,638,817)</u>	<u>\$ (23,806,920)</u>	<u>\$ (83,506,871)</u>	<u>\$ (89,164,483)</u>	<u>\$ (72,627,053)</u>

# CITY OF OAK PARK, MICHIGAN

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,175,795	\$ 7,507,151	\$ 7,899,791	\$ 6,824,175	\$ 3,064,969
Judicial	2,438,608	2,536,686	2,128,180	1,976,211	1,944,235
Public safety	11,807,208	10,268,074	2,653,492	9,525,007	3,497,663
Road maintenance and repair	3,773,388	3,557,279	3,209,098	4,098,970	4,702,539
Public works	1,468,111	960,745	2,402,385	1,744,556	1,141,585
Health and sanitation	1,938,016	2,079,476	1,983,105	2,268,966	3,023,012
Culture and recreation	1,257,593	966,087	1,470,915	827,531	572,947
Library	904,488	945,653	762,658	696,640	702,648
Community development	1,889,763	981,099	5,242,607	1,161,136	384,815
Interest on long-term debt	1,211,375	1,563,087	1,501,533	1,170,026	1,192,125
Total governmental activities	31,864,345	31,365,337	29,253,764	30,293,218	20,226,538
Business-type activities:					
Water and sewer	8,721,512	9,517,443	10,147,814	9,447,898	8,242,405
Total primary government expenses	40,585,857	40,882,780	39,401,578	39,741,116	28,468,943
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	491,946	2,969,159	3,623,194	2,930,627	4,171,972
Judicial	620,549	185,301	-	148,221	184,028
Public safety	1,436,686	46,635	50,257	41,518	40,237
Road maintenance and repair	-	148,312	125,599	251,972	131,194
Public works	399,625	294,580	459,765	288,447	733,485
Health and sanitation	835,541	1,101,773	1,141,929	1,149,094	1,245,819
Culture and recreation	433,396	-	-	-	-
Library	18,475	11,436	17,684	144,126	22,380
Community development	94,507	365	-	21,680	-
Operating grants and contributions	3,801,612	2,599,832	2,273,132	2,241,178	2,406,046
Capital grants and contributions	-	893	-	1,750	561,703
Total governmental activities	8,132,337	7,358,286	7,691,560	7,218,613	9,496,864
Business-type activities:					
Charges for services:					
Water and sewer	10,676,880	10,726,423	10,985,124	11,550,673	11,706,574
Operating grants and contributions	-	-	-	-	-
Total business-type activities	10,676,880	10,726,423	10,985,124	11,550,673	11,706,574
Total primary government program revenues	18,809,217	18,084,709	18,676,684	18,769,286	21,203,438
<b>Net (expense)/revenue</b>					
Government activities	(23,732,008)	(24,007,051)	(21,562,204)	(23,074,605)	(10,729,674)
Business-type activities	1,955,368	1,208,980	837,310	2,102,775	3,464,169
Total primary government net expense	(21,776,640)	(22,798,071)	(20,724,894)	(20,971,830)	(7,265,505)

Schedule 2  
Unaudited

2016	2017	2018	2019	2020
\$ 9,940,652	\$ 4,078,708	\$ 8,428,726	\$ 9,878,893	\$ 3,711,686
2,280,899	2,000,064	3,312,598	3,067,582	596,073
7,401,142	9,299,317	16,032,718	16,498,401	11,825,375
3,125,342	3,145,293	2,599,451	973,456	3,947,631
2,837,202	1,516,904	2,047,753	3,792,312	(3,355,639)
280,850	2,498,707	2,726,238	2,772,595	2,800,210
475,963	658,582	903,615	844,486	(209,601)
661,836	821,249	962,330	946,003	(31,194)
601,863	444,575	709,763	624,666	(678,663)
1,076,838	1,076,246	921,950	878,483	742,654
28,682,587	25,539,645	38,645,142	40,276,877	19,348,532
11,841,571	9,972,023	11,182,425	12,282,252	10,263,283
40,524,158	35,511,668	49,827,567	52,559,129	29,611,815
4,357,345	3,436,647	4,414,603	4,284,570	3,391,331
210,220	178,908	191,037	432,860	155,315
58,596	55,402	66,021	31,195	40,477
154,627	219,892	191,986	199,119	355,285
480,086	567,170	532,062	443,549	215,798
1,311,457	1,357,366	1,462,305	1,604,897	1,590,085
-	-	-	-	-
24,974	25,386	32,511	28,274	20,773
-	-	-	-	-
2,690,345	2,452,723	3,096,285	3,624,651	3,620,442
100,150	422,628	44,438	58,760	13,394
9,387,800	8,716,122	10,031,248	10,707,875	9,402,900
10,984,177	11,353,474	12,356,387	13,338,756	14,365,681
-	-	90,817	408,736	-
10,984,177	11,353,474	12,447,204	13,747,492	14,365,681
20,371,977	20,069,596	22,478,452	24,455,367	23,768,581
(19,294,787)	(16,823,523)	(28,613,894)	(29,569,002)	(9,945,632)
(857,394)	1,381,451	1,264,779	1,465,240	4,102,398
(20,152,181)	(15,442,072)	(27,349,115)	(28,103,762)	(5,843,234)

continued...

## CITY OF OAK PARK, MICHIGAN

### Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015
<b>General revenues</b>					
Governmental activities:					
Property taxes	\$ 15,762,619	\$ 15,222,837	\$ 14,067,560	\$ 16,466,311	\$ 16,326,336
State shared revenues	3,438,471	2,937,911	3,040,964	3,134,336	3,197,425
Franchise fees	701,558	714,074	794,287	757,237	712,120
Investment earnings	60,045	60,524	51,382	33,512	48,071
Miscellaneous	(8,173)	-	-	-	-
Transfers	(50,000)	(50,000)	(50,000)	-	-
Total governmental activities	<u>19,904,520</u>	<u>18,885,346</u>	<u>17,904,193</u>	<u>20,391,396</u>	<u>20,283,952</u>
Business-type activities:					
Investment earnings	24,277	156	29,569	17,315	16,381
Other	-	-	-	-	-
Transfers	50,000	50,000	50,000	-	-
Special item	-	-	-	-	-
Total business-type activities	<u>74,277</u>	<u>50,156</u>	<u>79,569</u>	<u>17,315</u>	<u>16,381</u>
Total primary government	<u>19,978,797</u>	<u>18,935,502</u>	<u>17,983,762</u>	<u>20,408,711</u>	<u>20,300,333</u>
<b>Change in net position</b>					
Governmental activities	(3,827,488)	(5,121,705)	(3,658,011)	(2,683,209)	9,554,278
Business-type activities	<u>2,029,645</u>	<u>1,259,136</u>	<u>916,879</u>	<u>2,120,090</u>	<u>3,480,550</u>
Total primary government	<u>\$ (1,797,843)</u>	<u>\$ (3,862,569)</u>	<u>\$ (2,741,132)</u>	<u>\$ (563,119)</u>	<u>\$ 13,034,828</u>

Source: City's annual financial statements

Schedule 2  
Unaudited

2016	2017	2018	2019	2020
\$ 17,549,447	\$ 17,133,346	\$ 16,340,124	\$ 17,639,267	\$ 17,806,967
3,288,744	3,329,476	3,556,332	3,611,586	3,460,549
717,762	683,781	642,949	631,787	616,572
248,056	102,322	120,820	470,099	401,740
-	-	-	-	-
(50,000)	-	-	-	-
<u>21,754,009</u>	<u>21,248,925</u>	<u>20,660,225</u>	<u>22,352,739</u>	<u>22,285,828</u>
61,434	25,044	23,870	83,894	68,629
-	-	6,731	9,517	26,207
50,000	-	-	-	-
-	-	(2,850,000)	-	-
<u>111,434</u>	<u>25,044</u>	<u>(2,819,399)</u>	<u>93,411</u>	<u>94,836</u>
<u>21,865,443</u>	<u>21,273,969</u>	<u>17,840,826</u>	<u>22,446,150</u>	<u>22,380,664</u>
2,459,222	4,425,402	(7,953,669)	(7,216,263)	12,340,196
<u>(745,960)</u>	<u>1,406,495</u>	<u>(1,554,620)</u>	<u>1,558,651</u>	<u>4,197,234</u>
<u>\$ 1,713,262</u>	<u>\$ 5,831,897</u>	<u>\$ (9,508,289)</u>	<u>\$ (5,657,612)</u>	<u>\$ 16,537,430</u>

concluded.

## CITY OF OAK PARK, MICHIGAN

### Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
<b>General fund</b>					
Nonspendable	\$ 234,242	\$ 245,037	\$ 198,853	\$ 387,059	\$ 597,521
Unassigned	1,514,649	312,162	1,802,454	2,973,036	2,833,231
<b>Total general fund</b>	<u>1,748,891</u>	<u>557,199</u>	<u>2,001,307</u>	<u>3,360,095</u>	<u>3,430,752</u>
<b>All other governmental funds</b>					
Nonspendable	25,396	22,815	16,255	702	246
Restricted	17,436,759	16,146,559	6,956,543	4,887,899	4,317,193
Assigned	1,082,319	1,413,109	1,642,112	1,419,099	2,002,675
Unassigned (deficit)	-	-	-	(7,869)	(23,840)
<b>Total all other governmental funds</b>	<u>18,544,474</u>	<u>17,582,483</u>	<u>8,614,910</u>	<u>6,299,831</u>	<u>6,296,274</u>
<b>Total all governmental funds</b>	<u>\$ 20,293,365</u>	<u>\$ 18,139,682</u>	<u>\$ 10,616,217</u>	<u>\$ 9,659,926</u>	<u>\$ 9,727,026</u>

Source: City's annual financial statements

Schedule 3  
Unaudited

2016	2017	2018	2019	2020
\$ 482,475	\$ 440,141	\$ 422,560	\$ 521,922	\$ 476,775
3,196,719	3,413,925	3,472,254	3,847,361	3,868,765
3,679,194	3,854,066	3,894,814	4,369,283	4,345,540
1,842	461	61	37	82
4,585,574	3,632,049	4,640,051	6,158,607	5,580,415
1,907,456	1,944,357	2,083,209	1,050,237	1,309,481
(28,218)	(232,266)	(52,691)	(56,161)	(13,525)
6,466,654	5,344,601	6,670,630	7,152,720	6,876,453
<u>\$ 10,145,848</u>	<u>\$ 9,198,667</u>	<u>\$ 10,565,444</u>	<u>\$ 11,522,003</u>	<u>\$ 11,221,993</u>

# CITY OF OAK PARK, MICHIGAN

## Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
<b>Revenues</b>					
Property taxes	\$ 15,793,548	\$ 14,806,367	\$ 14,486,295	\$ 16,422,482	\$ 16,292,076
Special assessments	468,193	213,990	392,523	133,052	525,492
Licenses and permits	324,819	410,216	376,502	363,301	546,585
Intergovernmental	7,061,634	5,498,001	5,274,629	5,336,577	6,121,119
Charges for services	1,571,672	2,084,989	1,922,419	2,188,756	2,857,318
Fines and forfeitures	1,864,326	1,939,928	1,786,713	1,803,694	2,056,122
Franchise fees	-	-	-	-	-
Interest income	122,813	59,080	50,674	33,146	47,385
Other	917,993	909,167	1,815,024	1,284,806	1,299,773
<b>Total revenues</b>	<b>28,124,998</b>	<b>25,921,738</b>	<b>26,104,779</b>	<b>27,565,814</b>	<b>29,745,870</b>
<b>Expenditures</b>					
General government	3,862,062	4,020,488	3,708,268	3,284,804	3,613,552
Judicial	2,060,494	2,068,527	1,670,645	1,946,216	1,950,499
Public safety	9,444,711	8,463,849	6,829,039	5,557,392	8,447,856
Road maintenance and repair	1,510,941	1,175,485	1,282,793	1,753,709	1,756,810
Public works	2,056,929	2,153,619	2,253,710	2,970,801	3,616,070
Health and sanitation	-	-	-	-	-
Recreation and culture	918,526	866,830	600,876	591,912	570,403
Library	668,867	3,293,302	702,671	727,789	738,863
Community development	1,611,291	815,551	549,543	600,913	593,951
Nondepartmental	2,735,439	2,804,481	2,691,078	5,214,184	3,944,438
Debt service:					
Principal	1,295,000	1,420,000	1,230,000	1,360,000	1,400,000
Interest	1,207,578	1,440,644	1,493,206	1,211,564	1,175,121
Bond issuance costs	-	-	64,220	-	-
Prior year tax refunds	-	11,131	648,227	109,740	382,611
Capital outlay	1,338,008	883,378	9,812,695	3,193,081	1,161,178
<b>Total expenditures</b>	<b>28,709,846</b>	<b>29,417,285</b>	<b>33,536,971</b>	<b>28,522,105</b>	<b>29,351,352</b>
<b>Revenues over (under) expenditures</b>	<b>(584,848)</b>	<b>(3,495,547)</b>	<b>(7,432,192)</b>	<b>(956,291)</b>	<b>394,518</b>
<b>Other financing sources (uses)</b>					
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	2,919,289	11,704,946	2,695,253	2,153,584
Transfers out	(2,526,424)	(2,969,289)	(11,939,946)	(2,695,253)	(2,153,584)
<b>Total other financing sources (uses)</b>	<b>13,276,647</b>	<b>2,450,000</b>	<b>(84,421)</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>\$ 12,691,799</b>	<b>\$ (1,045,547)</b>	<b>\$ (7,516,613)</b>	<b>\$ (956,291)</b>	<b>\$ 394,518</b>
Debt services as a percentage of noncapital expenditures	9.14%	10.03%	11.61%	10.54%	9.15%

Source: City's annual financial statements



Schedule 4  
Unaudited

2016	2017	2018	2019	2020
\$ 16,997,519	\$ 17,239,139	\$ 16,750,759	\$ 17,655,106	\$ 17,947,906
334,150	531,443	526,728	476,592	244,759
633,468	516,630	688,406	704,039	650,884
6,008,506	6,142,814	6,586,789	7,233,687	7,073,498
2,499,661	2,094,312	2,229,414	2,359,400	2,169,865
2,200,334	1,986,362	2,334,141	2,560,104	1,666,985
-	-	-	-	616,572
244,144	100,369	120,111	464,757	397,289
1,682,787	1,408,372	1,806,222	1,624,121	1,085,279
30,600,569	30,019,441	31,042,570	33,077,806	31,853,037
3,562,498	4,007,155	3,498,671	3,406,565	3,603,050
2,384,920	2,099,767	2,169,253	2,601,590	2,361,940
8,771,838	9,391,416	10,236,280	10,799,893	11,148,719
2,161,235	3,818,001	2,184,807	1,896,223	4,016,353
3,092,354	791,087	757,240	800,981	1,067,710
-	2,498,707	2,726,238	2,772,595	2,800,210
544,721	656,008	666,885	578,873	544,031
766,733	827,630	805,382	762,488	562,446
677,202	520,597	619,909	455,738	453,959
4,681,648	3,069,226	3,396,046	3,905,535	2,907,183
1,641,000	1,455,000	1,495,000	1,540,000	1,580,000
1,425,436	1,022,022	980,695	937,498	1,079,109
-	-	-	-	-
-	-	-	-	-
755,044	810,006	134,188	1,663,268	-
30,464,629	30,966,622	29,670,594	32,121,247	32,124,710
135,940	(947,181)	1,371,976	956,559	(271,673)
7,825,000	-	-	-	9,145,000
796,882	-	-	-	849,782
(8,289,000)	-	-	-	(10,023,119)
-	-	-	-	-
11,107,393	2,125,068	2,568,991	2,459,079	12,674,286
(11,157,393)	(2,125,068)	(2,568,991)	(2,459,079)	(12,674,286)
282,882	-	-	-	(28,337)
\$ 418,822	\$ (947,181)	\$ 1,371,976	\$ 956,559	\$ (300,010)
10.58%	9.09%	8.45%	7.71%	9.14%

## CITY OF OAK PARK, MICHIGAN

### Taxable and Estimated Actual Value of Property

Last Ten Fiscal Years

Year Ended June 30,	Real Property			Personal Property
	Residential Property	Commercial Property	Industrial Property	
2020	\$ 335,469,770	\$ 103,340,280	\$ 26,655,550	\$ 44,564,310
2019	317,258,070	101,727,150	25,813,190	43,550,990
2018	303,162,780	97,241,660	24,980,660	33,550,020
2017	293,941,530	95,836,930	19,829,100	30,565,350
2016	289,174,450	97,946,090	17,119,170	32,054,990
2015	283,412,310	99,570,910	17,124,830	32,106,170
2014	280,856,040	101,354,490	17,629,760	34,403,540
2013	312,688,580	107,596,610	18,982,270	35,705,130
2012	358,677,900	115,935,490	23,383,320	33,460,080
2011	427,200,170	99,543,660	60,865,560	36,210,100

Source: City of Oak Park Assessing Department

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

Schedule 5  
Unaudited

Total Taxable Value		Total Direct Tax Rate	Estimated Actual Value	Taxable Value as a Percentage of Actual Value
\$	510,029,910	35.0460	\$ 1,430,380,940	35.66%
	488,349,400	35.5834	1,267,580,720	38.53%
	458,935,120	36.1688	1,170,692,040	39.20%
	440,172,910	36.9308	1,037,375,040	42.43%
	436,294,700	37.6060	945,379,900	46.15%
	432,214,220	37.1191	871,556,740	49.59%
	434,243,830	36.8734	866,136,280	50.14%
	474,972,590	29.8398	948,753,780	50.06%
	531,456,790	27.2386	1,257,602,340	42.26%
	623,819,490	24.5191	1,288,399,640	48.42%

## CITY OF OAK PARK, MICHIGAN

### 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
2020: Homestead (1)	19.2163	1.4315	4.5633	2.8349	7.0000	35.0460
2020: Non-homestead						35.0460
2019: Homestead (1)	19.4049	1.4457	4.8700	2.8628	7.0000	35.5834
2019: Non-homestead						35.5834
2018: Homestead (1)	19.7007	1.4690	5.1950	2.9088	6.8953	36.1688
2018: Non-homestead						36.1688
2017: Homestead (1)	19.8959	1.4836	5.6500	2.9377	6.9636	36.9308
2017: Non-homestead						36.9308
2016: Homestead (1)	20.0000	1.4914	6.1615	2.9531	7.0000	37.6060
2016: Non-homestead						37.6060
2015: Homestead (1)	20.0000	1.4914	6.2017	2.9531	6.4729	37.1191
2015: Non-homestead						37.1191
2014: Homestead (1)	20.0000	1.4914	5.9560	2.9531	6.4729	36.8734
2014: Non-homestead						36.8734
2013: Homestead (1)	20.0000	1.4914	5.3953	2.9531	-	29.8398
2013: Non-homestead						29.8398
2012: Homestead (1)	18.8563	1.4914	4.4378	2.4531	-	27.2386
2012: Non-homestead						27.2386
2011: Homestead (1)	17.3563	0.9914	3.7183	2.4531	-	24.5191
2011: Non-homestead						24.5191

Source: City of Oak Park Treasury Department

(1) The State 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		
Oak Park	Ferndale	Berkley	Community College	County	Oak Park School District	Ferndale School District	Berkley School District
8.9773	8.1984	6.6517	1.5303	15.0214	60.5750	59.7961	58.2494
26.9773	26.1984	24.0366	1.5303	15.0214	78.5750	77.7961	75.6343
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

**Principal Property Tax Payers**

Current Year and Nine Years Ago

Taxpayer	2011			2020		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
The Loops Apartments Community, LLC	\$ -	-	-	\$ 10,395,200	1	2.04%
Spirit Realty, L.P.	-	-	-	8,958,200	2	1.76%
Consumers Energy Company	-	-	-	7,618,340	3	1.49%
DTE Electric Company	3,783,840	7	0.71%	7,206,410	4	1.41%
Lincoln Towers Apartments, LLP	5,535,080	3	1.04%	5,635,980	5	1.11%
FEDEX	-	-	-	5,304,130	6	1.04%
Village Green Companies	5,410,200	4	1.02%	4,872,020	7	0.96%
Oak Park Crown Pointe, LLC	-	-	0.00%	4,500,000	8	0.88%
Oak Park Manor MI, LLC	4,416,840	5	0.83%	3,819,690	9	0.75%
Barton Malow Contracting	-	-	-	3,468,870	10	0.68%
Jewish Federation Apartments	8,482,300	1	1.59%	-	-	-
Detroit Square Properties, LLC	7,473,800	2	1.40%	-	-	-
Greenfield Lincoln Investments #2 LLC	4,395,000	6	0.83%	-	-	-
Lincoln Center	3,242,450	8	0.61%	-	-	-
Symtec Mfg. Technologies/Paramont Boring	2,889,490	9	0.54%	-	-	-
Oakmont Properties	2,798,100	10	0.53%	-	-	-
	<u>\$ 48,427,100</u>		<u>9.10%</u>	<u>\$ 61,778,840</u>		<u>12.11%</u>

Source: City of Oak Park Assessing Department

# CITY OF OAK PARK, MICHIGAN

Schedule 8  
Unaudited

## Property Tax Levies and Collections

Last Ten Fiscal Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2020	\$ 17,531,174	\$ 16,640,938	94.92%	\$ 18,056	\$ 16,658,994	95.02%
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%

Source: City of Oak Park Treasury Department

**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

	Governmental Activities			Business-type Activities			
Fiscal Year Ending June 30,	General Obligation Bonds	Unamortized Premium	Capital Lease	Water Revenue Bonds	Total Primary Government	% of Personal Income	Per Capita
2020	\$ 20,780,000	\$ 1,514,451	\$ 1,910,000	\$ 4,186,457	\$ 28,390,908	47.09%	\$ 968.35
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

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
2020	\$ 20,780,000	\$ 1,514,451	\$ 594,510	\$ 21,699,941	4.25%	\$ 740
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

Source: City of Oak Park Finance Department

# CITY OF OAK PARK, MICHIGAN

Schedule 11  
Unaudited

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2020

	Net Debt Outstanding	Percentage Applicable to City *	Estimated Share of Overlapping Debt
<b>Direct</b>			
City of Oak Park	\$ 24,204,451	100.00%	<u>\$ 24,204,451</u>
<b>Overlapping</b>			
Berkley School District	50,635,000	10.55%	5,341,993
Ferndale School District	87,123,391	11.33%	9,871,080
Oak Park School District	4,640,000	76.42%	3,545,888
Oakland County (at-large)	317,015,768	0.85%	2,694,634
Oakland Intermediate School District	42,970,000	0.85%	<u>365,245</u>
			<u>21,818,840</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 46,023,291</u></u>

Source: Municipal Advisory Council of Michigan

\* Amount supplied by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of 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.

# CITY OF OAK PARK, MICHIGAN

Schedule 12  
Unaudited

## Legal Debt Margin

Last Ten Fiscal Years

Assessed value		\$ 715,190,470
Legal debt limit (10% of SEV)		\$ 71,519,047
Gross indebtedness	\$ 23,354,669	
Amount available in debt service funds	(594,510)	
Net bonded debt		22,760,159
Legal debt margin		\$ 48,758,888
Net bonded debt as a percentage of assessed value		3.18%

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
2020	\$ 71,519,047	\$ 22,760,159	\$ 48,758,888	31.82%
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%

Source: City of Oak Park Finance Department

# CITY OF OAK PARK, MICHIGAN

Schedule 13  
Unaudited

## Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Revenue	Expenses Net of Depreciation and Interest	Net Revenue Available for Debt Service	Total Debt Service Requirement	Coverage
2020	\$ 14,460,517	\$ 9,317,671	\$ 5,142,846	\$ 1,029,369	5.00
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

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, 2020, the City had no revenue bonds outstanding.

# CITY OF OAK PARK, MICHIGAN

Schedule 14  
Unaudited

## Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
2020	29,319	\$ 52,584	\$ 26,585	39.3	23.10%
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%

Source: Michigan Bureau of Labor Market Information and Strategic Initiatives

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**Principal Employers**

Current Year and Nine Years Ago

Employer	2011			2020		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Kroger	-	-	-	432	1	3.42%
Oak Park School District	485	1	3.50%	386	2	3.05%
Fed Ex	-	-	-	286	3	2.26%
Berkely School District	105	4	0.76%	169	4	1.34%
Briar, LLC	-	-	-	150	5	1.19%
Eaton Steel	-	-	-	144	6	1.14%
City of Oak Park	197	2	1.42%	141	7	1.10%
Hewson Van Hellemont PC	-	-	-	130	8	1.03%
PCI Industries	-	-	-	130	8	1.03%
The Wellness Plan	-	-	-	125	10	0.99%
Aarmco	130	3	0.94%	-	-	-
Hagopian World of Rugs	99	5	0.71%	-	-	-
Barton Malow Rigging Company, Inc	98	6	0.71%	-	-	-
K-Mart Corporation	98	6	0.71%	-	-	-
Ferndale School District	97	8	0.70%	-	-	-
Visiting Nurse Association	96	9	0.69%	-	-	-
Bullseye Telecom	95	10	0.69%	-	-	-
	<u>1,500</u>		<u>10.83%</u>	<u>2,093</u>		<u>16.54%</u>

Source: City of Oak Park Community &amp; Economic Development

## CITY OF OAK PARK, MICHIGAN

### Full-time Equivalent Employees by Department / Union Group

Last Ten Fiscal Years

Department/Union	2011	2012	2013	2014
<b>Full-time</b>				
Council	5.00	5.00	5.00	5.00
City Manager	3.00	3.00	3.00	4.00
Human Resources	-	-	-	-
Information Technology	1.00	1.00	1.00	1.00
City Attorney	-	-	1.00	-
Community & Economic Development	-	-	-	-
City Clerk	2.00	2.00	2.00	3.00
Finance & Administrative Services	13.00	11.00	10.00	10.00
Technical & Planning Services	12.00	10.00	9.00	11.00
Public Information	3.00	3.00	2.00	2.00
Public Safety	73.00	68.00	57.00	59.00
Public Works	24.00	24.00	21.00	22.00
Recreation	7.00	7.00	2.00	3.00
Library	6.00	4.00	4.00	4.00
District Court 45-B / Probation	27.00	23.00	22.00	23.00
	<u>176.00</u>	<u>161.00</u>	<u>139.00</u>	<u>147.00</u>
<b>Part-time</b>				
City Manager	0.12	0.12	-	0.63
City Attorney	-	-	-	-
Prosecuting Attorney	1.00	1.00	-	-
Community & Economic Development	-	-	-	-
City Clerk	0.50	0.50	-	-
Finance & Administrative Services	-	-	-	-
Technical & Planning Services	0.50	0.50	0.50	2.97
Public Information	-	-	-	-
Public Safety	5.25	5.25	5.25	5.25
Public Works	3.17	3.17	1.67	2.37
Recreation	20.35	20.35	20.35	20.87
Library	3.75	3.75	2.50	5.24
District Court 45-B / Probation	0.70	1.70	2.70	4.45
	<u>35.34</u>	<u>36.34</u>	<u>32.97</u>	<u>41.78</u>
<b>Total</b>	<u>211.34</u>	<u>197.34</u>	<u>171.97</u>	<u>188.78</u>

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 FTE).



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2015	2016	2017	2018	2019	2020
5.00	5.00	5.00	5.00	5.00	5.00
4.00	4.00	3.00	3.00	3.00	3.00
-	-	2.00	2.00	2.00	2.00
2.00	-	2.00	2.00	-	-
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
11.00	10.00	11.00	11.00	10.00	9.00
12.50	14.00	16.50	16.50	11.00	12.00
1.00	2.00	2.00	2.00	2.00	1.00
59.00	59.00	61.00	62.00	57.00	61.00
22.00	23.00	24.00	24.00	23.00	24.00
3.00	3.00	3.00	3.00	4.00	2.00
4.00	5.00	4.00	4.00	2.00	2.00
23.00	23.00	23.00	23.00	23.00	15.00
150.50	152.00	160.50	165.50	146.00	141.00
-	0.73	0.73	-	-	-
0.56	-	-	-	-	-
-	-	-	-	-	-
-	0.50	0.50	0.45	0.41	0.54
-	-	-	-	0.75	0.29
-	-	-	-	-	0.58
2.38	-	-	-	-	-
-	0.70	-	-	-	-
5.25	5.25	5.25	5.25	5.25	-
2.27	2.27	4.79	3.97	3.97	1.53
20.35	20.35	20.35	20.35	20.35	1.24
6.56	2.90	5.12	5.03	5.08	1.22
4.00	4.00	3.50	1.20	1.67	0.89
41.37	36.70	40.24	36.25	37.48	6.29
191.87	188.70	200.74	201.75	183.48	147.29

continued...

## CITY OF OAK PARK, MICHIGAN

### Full-time Equivalent Employees by Department / Union Group

Last Ten Fiscal Years

Department/Union	2011	2012	2013	2014
<b>Full-time Personnel by Salary Classification</b>				
Legislative	5	5	5	5
Exempt	11	10	11	10
Supervisory	13	13	10	11
Administrative	5	4	6	5
TPOAM	56	43	33	38
POAM	47	45	34	38
COAM	14	13	13	12
Dispatch	6	5	5	5
District Court 45-B	27	23	22	23
	<u>184</u>	<u>161</u>	<u>139</u>	<u>147</u>

Source: City of Oak Park Finance Department

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2015	2016	2017	2018	2019	2020
5	5	5	5	5	5
10	11	12	12	8	8
11	11	11	11	13	13
5	5	6	7	6	9
41.5	43	43.5	43.5	35	34
37	37	38	39	37	38
12	12	14	14	13	13
5	5	6	6	6	6
24	23	23	23	23	15
150.5	152	158.5	160.5	146	141

concluded.

## CITY OF OAK PARK, MICHIGAN

### Operating Indicators by Function / Department

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015
<b>Public Safety</b>					
Hazardous violations	3,624	3,624	2,409	2,057	2,376
Total violations	9,473	9,473	9,473	6,941	7,449
EMS requests	2,423	2,423	2,389	2,408	2,561
Traffic crashes	655	655	593	648	688
<b>Technical &amp; Planning Services</b>					
Number of building permits	526	526	649	468	755
Value of building permits	\$ 4,560,779	\$ 4,560,779	\$ 13,015,549	\$ 8,184,966	\$ 14,450,358
<b>Library</b>					
Residents with library cards	18,916	18,916	19,062	19,800	20,122
Items available	94,939	94,939	103,021	104,924	104,648
<b>Health and Sanitation</b>					
Tons of solid waste recycled	793	793	762	817	786
<b>Water System</b>					
Water Rate Per Unit	\$ 3.12	\$ 3.27	\$ 3.27	\$ 3.41	\$ 3.54

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

2016	2017	2018	2019	2020
2,093	2,736	3,670	2,485	1,650
5,784	7,152	9,813	6,354	5,376
2,445	2,547	2,535	2,515	2,801
746	727	719	713	453
692	713	792	768	643
\$ 25,085,257	\$ 9,270,250	\$ 12,426,781	\$ 13,064,114	\$ 22,842,717
19,464	19,483	13,174	9,716	8,146
98,742	106,092	87,571	83,362	88,189
895	885	951	1,468	1,458
\$ 3.85	\$ 3.93	\$ 4.17	\$ 4.25	\$ 4.51

## CITY OF OAK PARK, MICHIGAN

### Capital Asset Statistics by Function / Department

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015
<b>Public Safety</b>					
Vehicles assigned	38	33	37	36	27
<b>Public Works</b>					
Vehicles assigned	42	42	41	42	45
Number of buildings	4	4	5	5	5
<b>Road Maintenance and Repair</b>					
Miles of major streets	21	21	21	21	18.35
Miles of local streets	65.33	65.33	65.33	65.33	65.94
<b>Water &amp; Sewer System</b>					
Miles of water mains	115	115	115	115	115
Miles of sewers	80.64	80.64	80.64	80.64	80.64
<b>Recreation</b>					
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

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2016	2017	2018	2019	2020
26	36	39	43	41
49	50	53	54	58
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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**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, 2020

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, 2020, 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, 2020.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Rehmann is an independent member of Nexia International.



## **Compliance and Other Matters**

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

### **City of Oak Park, Michigan's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

## CITY OF OAK PARK, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended June 30, 2020

#### **2020-001 - Significant Audit Adjustment: Capital Assets**

**Finding Type.** Significant deficiency in Internal Control over Financial Reporting

**Criteria.** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

**Condition.** The governmental activities capital assets schedule was initially understated by approximately \$229,000 as a result of current year additions to work in progress that had not been appropriately identified.

**Cause.** Internal controls did not detect all adjustments necessary to properly record year-end balances.

**Effect.** As a result of this condition, the City's governmental activities capital asset file was initially misstated by an amount significant to the financial statements.

**Recommendation.** We recommend that the City evaluates its procedures for identifying capital related expenditures to ensure all capital assets are properly included. Additionally, we recommend a review process of the capital asset schedules is implemented and this review is documented.

**View of Responsible Officials.** The City did in fact properly identify the capital asset addition noted above but a formula error in the excel spreadsheet resulted in an incorrect number being originally reported. Historically the City have had all audit workpapers reviewed prior to turning them over to the auditors but due to the shutdown and staffing reductions related to the COVID-19 pandemic, this workpaper did not get reviewed. The City will ensure all future schedules are reviewed prior to the auditors starting.

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