

POPULAR ANNUAL FINANCIAL REPORT TO THE CITIZENS



FINANCIAL STATEMENTS PRESENTED TO CITY COUNCIL FOR FISCAL YEAR 2010-2011



OAK PARK CITY COUNCIL

(Pictured Left to Right)

Seated: Mayor Marian McClellan
 Standing: Councilmembers Michael M. Seligson, Emile J. Duplessis & Paul H. Levine
 Mayor Pro Tem Angela Diggs Jackson

As we say farewell to another fiscal year (July 1, 2010 through June 30, 2011) it is evident that we have, and will continue to, meet many financial challenges. The Comprehensive Annual Financial Report (CAFR) presented to the City Council demonstrates the City's commitment to long term fiscal stability. The information in this report summarizes the financial data that is reported in the CAFR.

The CAFR is an audited result of decreased revenue document that analyzes the City's major funds. The largest of these is the General Fund. It is used to account for most of the services provided by the City including, Public Safety, Parks, Recreation, Administration and Public Works.

REVENUES

Revenues in the General Fund as of June 30, 2011 were \$18.88 million or a decrease of 9.19% from the previous fiscal year. This can be attributed to a 12.72% average decrease in taxable values. Residential property values fell 14% compared to FY 2009-2010.

sharing amounts distributed as the State attempts to balance its budget. This allocation is expected to decrease compared to 2011 levels.

State Revenue Sharing payments to Michigan cities are under constant pressure from the State. In the 1990's the State reduced statutory payments to cities by \$455 million. Revenue Sharing funds are paid to local communities from the collection of the State sales tax.

Monies statutorily earmarked for local units of government were taken by the State to fund its own budget shortfall. Every effort must be made to inform our legislators that this practice is placing an undue

(Continued on page 3)

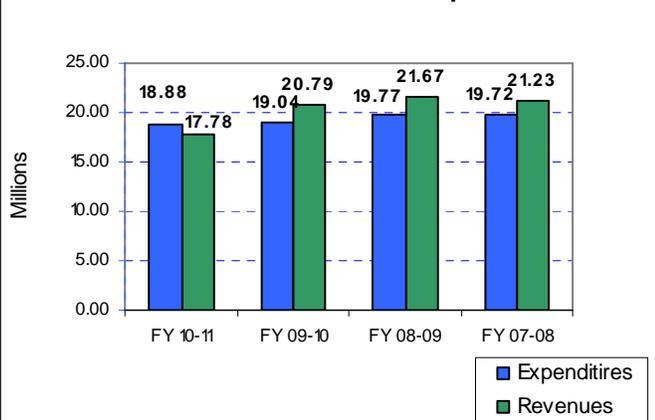
The amount of property taxes collected totaled \$11.95 million. Property Taxes, which represent 63.31% of revenues, were limited to a .997% increase by Proposal A. Proposal A of 1994 was passed by the voters of Michigan to limit property tax increases to 5% or inflation, whichever is less.

State Revenue Sharing payments are intended to be made to Michigan cities based on a "statutory" formula. These payments distribute the sales tax collections made by the State. An amount of \$3.46 million was received from State Revenue Sharing in FY 2010-2011.. During FY 2009-2010, \$3.70 million (a 6.42% decrease) was received. This decline is a

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General Fund Revenue & Expenditures



ROADS

The City of Oak Park has 19.27 miles of Major Streets and 65.33 miles of Local Streets which are maintained by the Department of Public Works. In addition to these roads, Eight Mile, Greenfield and I-696 are maintained by the County. Financial activity for Major and Local streets are accounted for in separate funds.

In November, 2002 Oak Park voters approved a bond proposal to repave various roads, curbs and parking lots throughout the City. Bonds were also issued in FY 2005-2006. Not only were these projects financed by general obligation debt, but Federal Stimulus dollars were also used. As of June 30, 2011, fund balance equals \$1,926,846.

There was only one road construction project completed in FY 2010-2011; Coolidge from Eight Mile to Ten Mile at a cost of \$3,408,343.

Since residents are affected by most construction projects, information regarding road closures and detours are always posted well in advance and broadcast on OPTV-15. Projects include road reconstruction, and in some areas, water mains and catch-basins were repaired or replaced.

The City also monitors roads that may require minor repairs. Crack and joint sealing along with road patching are projects that are done on an as-needed basis. These tasks are performed by the Department of Public Works and private contractors.

DPW maintains all Major and Local streets. These responsibilities include street sweeping and leaf pick-up. They also ensure that all roads are salted and plowed during the winter months.



Various construction activities.

SERVICES PROVIDED BY THE

WATER AND SEWER DEPARTMENT

- * *Water Meter Reading*
- * *Meter Replacement and Repair*
- * *Billing and Collection*
- * *Water Leak Location Assistance*
- * *Water Department Hours*

Monday Through Thursday

8:00 a.m. to 5:00 p.m.

For more information, please dial: 248/691-7470.



DPW attends to a Water Main Break.

WATER & SEWER

The City's Water & Sewer Fund is operated independently from the General Fund. Its' goal is to provide Water & Sewer services to citizens. All costs incurred are recovered through the collection of user charges.

Total expenses for this fund totaled \$8.72 million in FY 2010-2011 and totaled \$8.80 during FY 2009-2010, a decrease of .85%

The wholesale water rate charged by the City of Detroit rose by 8.69% and water purchases during FY 2010-2011 of \$945,012 increased compared to \$879,749 in FY 2009-2010. Oakland County has also raised the sewage disposal rate and the storm water rate.

Sewage expenses for FY 2010-2011 totaled \$4.52 million compared to \$3.95 million in FY 2009-2010. This increase is a result of a higher sewage rate which has risen from \$50.10 per 1,000 cubic foot in 2009-2010 to \$57.29 in FY 2010-2011.

Additional expenses include the construction of the George W. Kuhn drain project, the repair and maintenance of existing drains and sewers, and pump system operations. The City has also upgraded water meters with modern, more efficient meters and meter reading equipment.

To offset these expenses, the Water and Sewer Fund by the City.

generates revenue through fees for water rates and sewage disposal. During 2010-2011, water revenues totaled \$10.7 million, an increase of 15.79% from \$9.24 million for FY 2009-2010 .

This fund has produced a net income in FY 2010-2011 of \$2.03 million. This was an increase of \$1.53 million from Fiscal Year 2009-2010. A net income has been realized in the past five fiscal years. These excess funds will finance future improvements since the water and sewer system is in constant need of updates and improvements.

The Water & Sewer Fund is the only Enterprise Fund reported by the City.

WATER MAIN BREAK? No need for you to have a breakdown as well!!

If you suspect a water main break, you may contact DPW during our regular business hours, 7:30 a.m.– 4 p.m. at: 691-7497. You may also contact Public Safety's non-emergency line at: 691-7447. Dispatch will in turn contact DPW staff. The sooner DPW is alerted, the sooner the break can be repaired. The average main break takes from 4 to 6 hours to be fixed.

SOLID WASTE FUND

The Solid Waste Fund is a Special Revenue Fund, which handles all City rubbish and recycling functions. These duties are managed by the Department of Public Works. Actual trash and recycling collection is performed by Tringali Sanitation on a weekly basis.

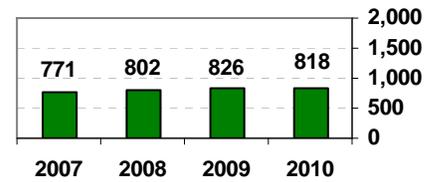
To coordinate with rubbish collection, the City of Oak Park offers a curbside recycling program. Waste products such as newspaper, tin and aluminum cans, glass and plastic containers are collected.

Revenues during FY 2010-2011 totaled \$2,360,642 a decrease of 1.29% from FY 2009-2010 (\$2,391,485). These funds are received from a 2.4531 mill property tax levy. A monthly service charge of \$14.44 is also included with all water bills.

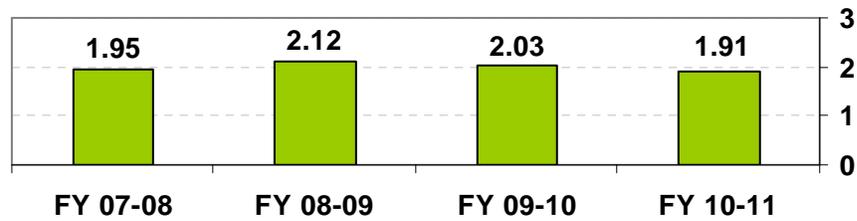
For FY 2010-2011, total expenses equal \$1,912,903, which is a 5.96% decrease compared to expenses of \$2,034,121 during FY 2009-2010. This is mainly attributed to lower taxable values resulting in a decrease in property taxes collected.

To ensure that the undesignated fund balance stays within adequate limits, the City constantly explores options to keep these expenses at an acceptable level (i.e. monitoring deductibles and co-pays to keep health care costs in check). If necessary, the monthly service charge incorporated into the water bills can also be increased.

Tons of Solid Waste Recycled By Oak Park Households



Solid Waste Expenditures In Millions



GENERAL FUND (CONTINUED FROM PAGE 1)

(Continued from page 1)
financial burden on cities and must be stopped.

However, State revenue sharing and property taxes are not the only sources of revenue available to the City. Other revenue sources include, but are not limited to: licenses and permits (\$324,819), Fines & Forfeitures (\$1,702,798), charges for services (\$540,679), and interest earned (\$8,959).

EXPENDITURES

Expenditures for FY 2010-2011 in the General Fund totaled \$17.78 million. This is a decrease of \$1,256,095, from the prior fiscal year. Hiring and wage freezes along with placing a greater burden of health care costs on staff have contributed the decrease in General Government expenditures.

Retiree health care is currently being funded totally by the General Fund as a Non-Departmental expenditure. In the past, these costs were shared equally by the Employees Retirement System and the General Fund.

The City of Oak Park Employees Retirement System is funded by contributions based on a percentage of payroll. The system experienced a \$6,919,513 increase for FY 2010-2011. Plan assets are reported at fair market value. Investments with no established market values are reported using estimated value amounts.

UNDESIGNATED FUND BALANCE

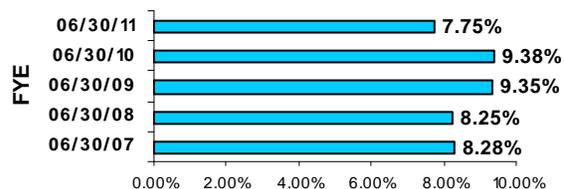
One measure of fiscal stability is Undesignated Fund Balance. This is the amount of reserves a city

has on hand that has not been committed. The city's policy is to maintain undesignated fund balance at not less than 10% - 15% of revenues or 8.33% - 16.67% of expenditures. This is to insure the city has adequate reserves on hand should unexpected circumstance require expenditures of an emergency nature. The Undesignated General Fund Balance for June 30, 2011 is \$1.51 million which is 7.75% of expenditures and 7.91% of revenues.

DEPARTMENTS SUPPORTED BY THE GENERAL FUND

- * City Council and Boards & Commissions
- * City Manager's Office
- * City Clerk
- * Finance
- * Law
- * Public Safety
- * Technical & Planning
- * Recreation
- * Public Works
- * Information Technology
- * Public Information

Undesignated Fund Balance as a % of Expenditures



PARKS & RECREATION



Enjoying the crisp air during Winterfest.

The City has nine parks which are constantly being upgraded and improved. The Recreation Department oversees the maintenance of all City Parks, with the assistance of the Department of Public Works. The Recreation Department also provides many activities for people of all ages.

Several programs for tots, preschoolers, kids, teens and adults are avail-

able. These activities include the City's General Fund organized sports, cheerleading which supports the Recreation Department's facilities, activities and park maintenance. Cooperation between staff and residents ensures that people of all ages benefit from what this department has to offer. The Recreation Advisory Board along with the Parks Administrative Committee meet on a monthly basis to discuss and plan programs.

Expenditures totaled \$918,526 during FY 2010-2011. This is a decrease of 12.16% from \$1,045,643 in FY 2009-2010.

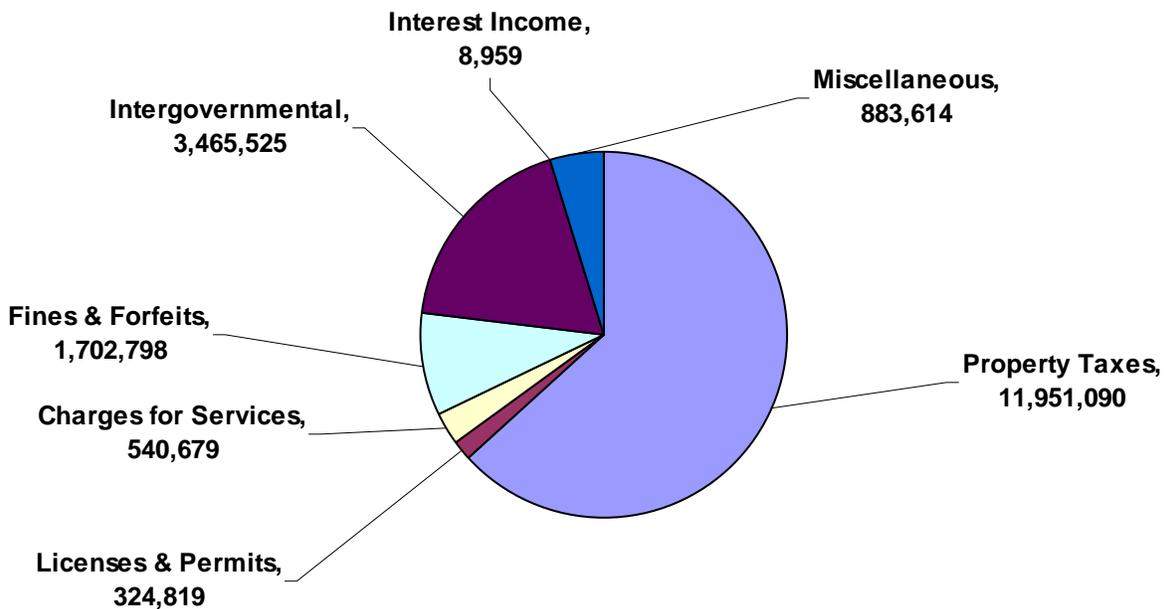
Expenditures are part of



**RECYCLING SERVICE
FOR THOSE ITEMS
THAT CAN'T BE
PLACED CURBSIDE.**

- ✘ Household Hazardous Waste.
- ✘ Electronic Equipment.
- ✘ Self serve paper shredding.
- ✘ Lead acid-battery disposal.
- ✘ Check out www.socrra.org or call 248/288-5150 for more details!!

FY 2010-2011 General Fund Revenue



DEBT

Based on a population of 29,319 the debt per capita is \$1,156.

Cities may, from time to time, elect to borrow money in order to pay for large capital projects which can't be paid from current reserves. The most common form of borrowing is by issuing General Obligation (GO) Bonds. GO Bonds are sold to raise cash and are paid back by a tax levy on property. The voters must approve the tax levy in order for a city to be able to issue these bonds. In fiscal year 2010-2011, voters approved a millage for a new City Hall and improvements to the Recreation Center and Library.

Outstanding general obligations bonds totaling \$34,540,000 account for the City's long term debt during FY 2010-2011. As of June 30, 2011 outstanding GO bonds were: 2003 Street Improvement/Refunding bonds, 2006 Street Improvement bonds and

2010 Municipal Complex bonds.

During FY 2002-2003 \$3.175 million of debt was carried from 1992 Revenue Bonds, but because of favorable interest rates, 2003 Refunding Bonds replaced the 1992 Bonds. The amount owed on these bonds is \$755,000 as of June 30, 2011.

The mills levied for all GO bonds in FY 2010-2011 was 3.7183. The mills levied for these bonds are separate from the regular operating millage and are paid by all taxpayers in the City. A mill represents one dollar paid for every \$1,000 of taxable value.

The Moody's rating for these bonds is Aaa and Standard & Poor's rating is A+.

Principal on this debt is payable annually, while interest is payable semi-annually.

<u>General Obligation Debt</u>	<u>Final Payment Due</u>	<u>Outstanding Balance 06/30/11</u>
Street Improvement 2003 Series	May 1, 2028	\$9,850,000
Street Improvement 2006 Series	May 1, 2030	\$10,400,000
Street Improvement Refunding Bond 2003 Series	May 1, 2012	\$865,000
Municipal Complex 2010 Series	May 1, 2036	<u>\$13,425,000</u>
Total General Obligation Debt		<u>\$34,540,000</u>

TAX RATES

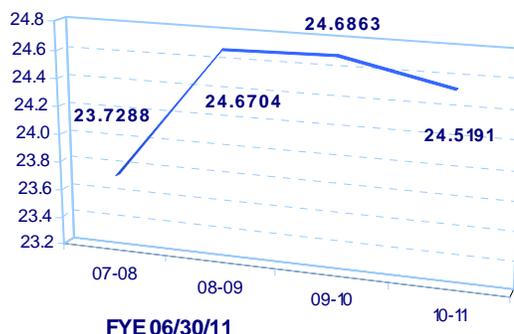
The largest source of revenue for the City of Oak Park is property taxes. Revenue from property taxes for FY 2010-2011 totaled \$11.95 million and \$13.65 million in FY 2009-2010.

Taxes are levied on the taxable value of real and personal property located in the city.

Entities levying taxes in Oak Park Include:

- 1) State of Michigan Education Tax (SET),
- 2) Oakland County Public Transit Authority,
- 3) Oakland County Intermediate School District,
- 4) Oakland County Community College,
- 5) One of three School Districts: Oak Park, Ferndale or Berkley.
- 6) Huron-Clinton Metropolitan Authority (Metro Parks).
- 7) Detroit Zoological Society.

CITY OF OAK PARK TAX RATE HISTORY



YOU CAN APPLY FOR A PASSPORT AT THE CITY CLERKS OFFICE!

Applications may be submitted at:

City Hall
13600 Oak Park Blvd.
Oak Park, MI 48237

8:00 a.m. - 4:00 p.m. Monday through Thursday (Closed Friday)
Questions?? Please call 248-691-7544.

You may also visit the State Department's website for information.

City of Oak Park

13600 Oak Park Blvd.
Oak Park, MI 48237

Phone: 248/691-7546
Fax: 248/691-7157
Email: jghedotte@ci.oak-park.mi.us

FYI

~PLEASE NOTE~

**CITY HALL IS
CLOSED ON
FRIDAYS UNTIL
FURTHER NOTICE.**

**Open to Serve You:
Monday—Thursday
8:00 a.m.—5:00 p.m.**

We're on the Web!
www.ci.oak-park.mi.us



"The Family City"

ABOUT THIS FINANCIAL REPORT

This Financial Report was prepared to better inform citizens of the major projects and efforts that affect their tax dollars. The report was completed using an easy to read yet informative format. Ultimately, the goal is to provide better financial information to citizens and other interested users of the City of Oak Park, Michigan's Financial Reports.

The information contained in this report was condensed from the FY 2010-2011 Comprehensive Annual Financial Report (CAFR). The CAFR was developed using generally accepted accounting principles and presents a complete and accurate report of the City's financial position for the year ended June 30, 2011. This condensed Financial Report discusses funds used by the City of Oak Park in the preparation of its Comprehensive Annual Financial Report.

The Finance Department issues the CAFR annually, in December.

In accordance with State Law and the City of Oak Park's Charter, the financial records of the City must be audited annually. The audit firm of Post, Smythe, Lutz and Ziel LLP have been engaged to audit our financial reports and the underlying records. A copy of this audit as well as the City of Oak Park's Comprehensive Annual Financial Report or Popular Annual Financial Report is available by contacting the Director of Finance at (248) 691-7546. In addition to the historical financial reporting prepared by the City of Oak Park, the City Council has adopted the FY 2011-2012 budget as of May 16, 2011. Estimated revenues and expenditures for all City funds are contained in the budget document. A copy of the City's Budget can be obtained from the Department of Finance, visiting the Oak Park Library, or accessing the City's web site.

The City of Oak Park, Michigan is very pleased to be able to

provide a financial report that better meets the needs of our citizens and taxpayers. These citizens deserve accountability of the use of their tax dollars and we believe that the issuance of this report is a major accomplishment for a city of our size and stature.

It should also be noted that the City's Annual Budget and the CAFR have been recognized by the Government Finance Officers Association (GFOA) for excellence in financial reporting.

This document, the Annual Budget and the CAFR are all available for downloading on the City's website. Questions and comments concerning this report can be referred to the office of the Director of Finance at (248) 691-7546 or by E-mail at the address listed in the left margin.

Sincerely,
James Ghedotte
Finance Director

POINTS OF INTEREST

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**City of Oak Park
Michigan**

for the Fiscal Year Ended

June 30, 2010



Linda C. Dawson
President

Jeffrey L. Esser
Executive Director

- * It is our goal, during this time of economic uncertainty, to maintain the high quality of service that all residents are familiar.
- * The City successfully balanced the 2011-2012 budget. In spite of many economic challenges, we will strive to present balanced budgets for future fiscal years.
- * The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Oak Park, Michigan for its Popular Annual Financial Report for the fiscal year ended June 30, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.