

**POPULAR ANNUAL FINANCIAL REPORT TO THE CITIZENS**



**FINANCIAL STATEMENTS PRESENTED TO CITY COUNCIL FOR FISCAL YEAR 2006-2007**



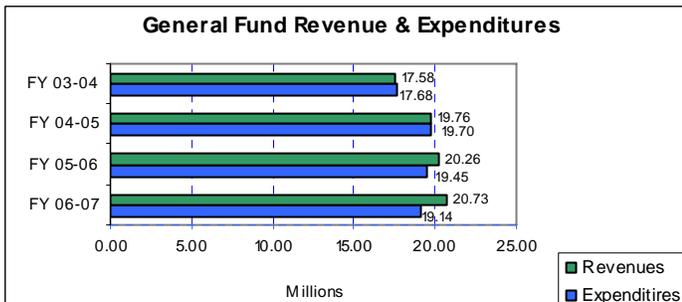
**OAK PARK CITY COUNCIL**

(Pictured Left to Right)

Seated: Mayor Gerald E. Naftaly

Standing: Mayor Pro Tem Michael M. Seligson,  
Council Members: Willie Horton, Kirk Yousif &  
Angela Diggs Jackson

As we say farewell to another fiscal year (July 1, 2006 through June 30, 2007) 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 CAFR is an audited 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, Library, Administration and Public Works.



**REVENUES**

Revenues in the General Fund as of June 30, 2007 were \$20.73 million (excluding transfers) or an increase of 2.36% from the previous fiscal year. A portion of this increase can be attributed to a slight increases in property taxes and fines & forfeits. Interest Income increased by 57.26%.

The amount of property taxes collected in FY 2006-2007 totaled \$12.47 million. Property Taxes, which represent 60.15% of revenues, are limited to a 3.3% increase in 2006 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 \$4.07 million was received from State Revenue Sharing in FY 2006-2007. During FY 2005-2006, \$4.01 million (a 1.56% increase) was received. This increase can be attributed to the increase in population due to the Royal Oak Township annexation which affects the revenue sharing formula. However, the State is projecting a future decrease in 2007. The amount appropriated for Oak Park is esti-

mated to be \$3.87 million for next year. This is an decrease of 6.01%.

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 financial burden on cities and must be stopped.

However, State revenue sharing and property taxes

*(Continued on page 3)*

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# 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.

In November, 2002 Oak Park voters approved a bond proposal to repave various roads, curbs and parking lots throughout the City. These projects will be financed by general obligation debt.

The following reconstruction projects were completed during FY 2006-2007: municipal parking lots (\$2,942,962), the DPW parking lot (\$245,247), the alley at Nine Mile and Coolidge (\$847,563), and finally, the refurbishment of Rue Versailles Road (\$694,831).

Major projects that were underway as of June 30, 2007 were the reconstruction of Eleven Mile from Greenfield to Coolidge and

a cement overlay on Coolidge from Eight Mile to Ten Mile. It is anticipated that these projects will be completed in the spring of 2008 and were planned in such a way as to minimize the chance of additional reconstruction over the next few years.

While these improvements are being made, all the businesses in the surrounding area will remain open. The City's Department of Public Works made precise plans to allow for accessibility to those enterprises that are directly affected. This was achieved by maintaining the flow of traffic into and out of these districts and by keeping parking areas readily available.

The City also provides maintenance to those roads that need minor repairs. Crack and joint sealing along with road patching are projects that are performed on an as-needed basis.



Coolidge Construction

**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 Friday**

**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 \$7,835,161 in FY 2006-2007 and totaled \$8,039,854 during FY 2005-2006, a decrease of 2.55%

An 11.08% decrease in the wholesale water rate charged to Oak Park by the City of Detroit resulted in water purchases during FY 2006-2007 of \$1,236,863, compared to \$1,656,500 during FY 2005-2006. However, Oakland County raised the sewage disposal rate and the storm water rate.

Sewage expenditures for FY 2006-2007 totaled \$3,243,819 compared to \$3,192,102 in FY 2005-2006. This increase is a result of the rise of the sewage rates from \$39.35 per 1,000 cubic foot in 2005-2006 to \$42.79 in FY 2006-2007.

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 gener-

ates revenue through fees for water rates and sewage disposal. During 2006-2007, water revenues totaled \$9,034,465. The wholesale water rate from the City of Detroit not only increases expenditures but affects revenues as well.

Miscellaneous revenues are also collected as a result of late charges and disconnection notice fees. These additional monies totaled \$807 in FY 2006-2007.

This fund has generated a net income in FY 2006-2007 of \$1,417,173. This was a decrease of \$1,250,316 from Fiscal Year 2005-2006. 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 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 Waste Management of Michigan 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 and household batteries are collected.

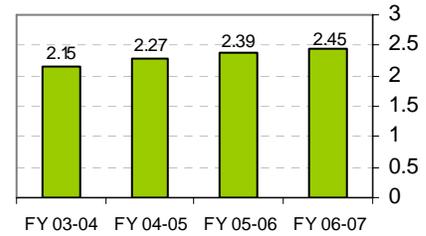
Revenues during FY 2006-2007 totaled \$2,248,404 an increase of 6.26% from FY 2005-2006 (\$2,107,705). These funds are received from a 2.4539 mill property tax levy. A monthly service charge of \$4.74 is also included with all water bills.

For FY 2006-2007, total expenditures for this fund equal \$2,453,495, which is a 2.43% increase compared to expenditures of \$2,393,917 during FY 2005-2006. This increase is mainly attributed to an increase in refuse disposal expenses and fringe ben-

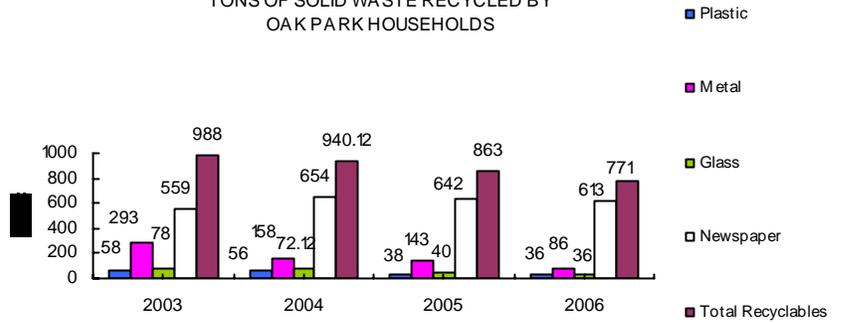
efits, specifically employee health care.

To ensure that the undesignated fund balance stays within adequate limits, the City is currently attempting options to keep these expenses at an acceptable level. Prescription drug co-pays have been increased to help offset expenditure increases. If necessary, the monthly service charge incorporated into the water bills can also be increased.

Solid Waste Expenditures In Millions



TONS OF SOLID WASTE RECYCLED BY OAK PARK HOUSEHOLDS



# GENERAL FUND (CONTINUED FROM PAGE 1)

(Continued from page 1)

are not the only sources of revenue available to the City. Other revenue sources for FY 2006-2007 include, but are not limited to: licenses and permits (\$397,567), Fines & Forfeitures (\$2,074,737), charges for services (\$524,131), and interest earned (\$304,905). All the revenue sources listed in this section provide funding for the essential services that the City provides to its residents.

## EXPENDITURES

Expenditures for FY 2006-2007 in the General Fund totaled \$19.14 million (excluding transfers). This is a decrease of \$304,190, from the prior fiscal year.

The city's medical insurance rates increased an average of 17% due primarily to increased prescription

drug costs.

The City of Oak Park Employees Retirement System is funded by contributions based on a percentage of payroll. The system experienced a \$6,627,621 increase for FY 2006-2007, compared to a gain of \$607,303 for fiscal year ended June 30, 2006. As of June 30, 2007, retiree Health Care paid through the retirement system totaled \$794,747, a 24.30% decrease last fiscal year. This is due to the increase of prescription drug co-pay amounts for both active and retired employees.

## UNDESIGNATED FUND BALANCE

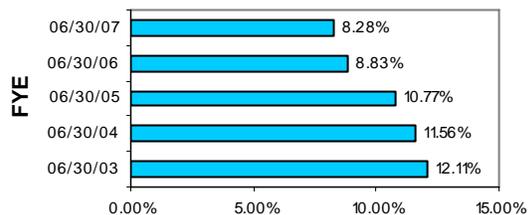
One measure of fiscal stability is Undesignated Fund Balance. This is the amount of reserves a city has on hand that has not been committed. The City's

policy is to maintain undesignated fund balance at not less than 10% of revenues or 8.33% of expenditures. The purpose of this policy 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, 2007 is 1.73 million which is 8.28% of expenditures and 8.27% 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
- \* Library
- \* Public Information

Undesignated Fund Balance as a % of Expenditures



# PARKS & RECREATION



The perfect way to cool off on a hot summer day!

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.

Expenditures for Recreation totaled \$1,155,419 during FY 2006-2007. This

is a decrease of 4.56% from \$1,210,523 in FY 2005-2006.

Expenditures are part of the City's General Fund which supports the Recreation Department's facilities, various activities and park maintenance.

Cooperation between staff and residents ensures that people of all ages benefit from what the department has to offer. The Recreation Advisory Board and The Parks Adminis-

trative Committee meet on a monthly basis to discuss and plan the programs. In this way the Recreation Master Plan is developed. And is prepared by the recreation staff.

This document reflects city-wide recreation goals for the years 2006 - 2010. A Master Plan is a necessary requirement to apply for various Recreation grant programs.

## ICE



## YOUR CELL PHONE!

- ✗ ICE = "In Case of Emergency"
- ✗ Use ICE as entries in your cell phone address book.
- ✗ This can provide assistance to emergency personnel on whom to contact in case you are ill or injured and rendered unconscious.
- ✗ Include more than one contact. There is a chance that the first person on your list cannot be reached. Enter people in the order that you would like them called.
- ✗ Some examples include: ICE1 - Mom Mary Jones and ICE2 - Son David Smith, etc.....
- ✗ Most paramedics know what ICE means and are trained to look for these entries.
- ✗ You can also use this to show medical conditions, health history or allergies.
- ✗ Bonus incentive! - If you happen to lose your cell phone, there are contacts listed so that your phone may be returned to you.
- ✗ If you do not own a cell phone, ICE information should be easily accessible in your handbag or wallet.

### FUND ACCOUNTING MADE EASY!

**GOVERNMENTAL FUNDS:** The biggest component of this fund group is the City's General Fund. This fund tracks most of the direct services that the City provides to the residents. Public Safety, Recreation, and Administrative functions are reported in this category. Special Revenue Funds are those funds that track the receipt of certain revenues that must be spent for a specific purpose. For example, the Garbage and Rubbish Service Charge on your water bill may only be used for that purpose. Debt Service Funds are used for tracking long term debt, it's principal and interest and any associated fees. Capital Project Funds track major

improvements, such as construction or improvements to buildings. **PROPRIETARY FUNDS:** Enterprise Funds are considered part of this fund group. Funds in this group are those that provide a service to those outside the governmental unit itself. An example of this is the Water and Sewer Fund. It is an operating department of the City but is accounted for as a self-supporting, independent entity. Internal Service Funds are financed through other City funds. The Risk Management Fund ( or Workers Compensation Fund) is a good example of this type of fund. All monies are allocated from the General Fund

through the payroll process according to hours worked and passed to this fund. **FIDUCIARY FUNDS:** The Employee Retirement System is considered a Fiduciary Fund. Assets, liabilities, revenues, and expenditures for this fund are held "in trust" by the City and may only be used for a specific purpose, such as pension or retiree health care payments. Fiduciary Funds are managed in a way similar to Proprietary Funds. **\*\*For more information on fund types, please refer the "Notes to the Financial Statements" section of the CAFR.**

# DEBT

*Based on a population of 32,399 the debt per capita is \$848.*

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.

Outstanding general obligations bonds totaling \$27,475,000 account for the City's long term debt during FY 2006-2007. As of June 30, 2007 the only outstanding GO bonds were 2003 Street Improvement/Refunding bonds and 2006 Street Improvement bonds.

During FY 2002-2003 \$3.175 million of debt was carried from 1992 Revenue Bonds, but be-

cause of favorable interest rates, 2003 Refunding Bonds replaced the 1992 Bonds. These Bonds totaled \$5.9 million as of June 30, 2007.

In November 2002 voters approved a GO Bond Proposition for street improvements throughout the City. The total amount approved was \$22.5 million with \$11.5 million issued during FY 2002-2003. The residual 11 million dollars of approved debt was issued in FY 2005-2006.

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.

The mills levied for all GO bonds in FY 2006-2007 was 4.0081. The mills levied for

these bonds are separate from the regular operating millage and are paid by all taxpayers in the City.

<u>General Obligation Debt</u>	<u>Final Payment Due</u>	<u>Outstanding Balance 06/30/06</u>
Street Improvement 2003 Series	May 1, 2028	\$10,595,000
Street Improvement 2006 Series	May 1, 2030	\$11,000,000
Street Improvement Refunding Bond 2003 Series	May 1, 2012	\$5,880,000
<b>Total General Obligation Debt</b>		<b>\$27,475,000</b>

# TAX RATES

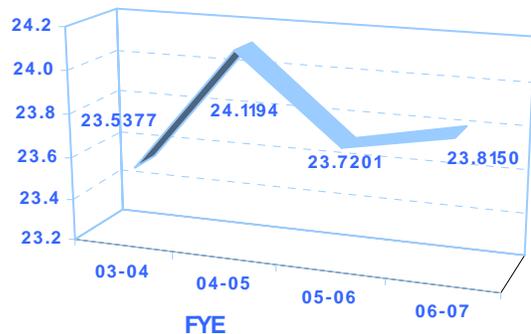
The largest source of revenue for the City of Oak Park is property taxes. Revenue from property taxes for FY 2006-2007 totaled \$12.47 million and \$11.81 million in FY 2005-2006.

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.

CITY OF OAK PARK TAX RATE HISTORY



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

Applications may be submitted at:  
 City of Oak Park - City Clerk's Office  
 13600 Oak Park Blvd.  
 Oak Park, MI 48237

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

There are currently significant changes for travel requirements. Please refer to the State Department's website for up-to-date details.

<http://travel.state.gov>

## 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](mailto:jghedotte@ci.oak-park.mi.us)

We're on the Web!  
[www.ci.oak-park.mi.us](http://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 2006-2007 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, 2007. 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 2007-2008 budget as of May 21, 2007. 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 pro-

vide 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

- \* Past and present copies of the City's PAFR, CAFR and Annual Budget can be downloaded off our website: [www.ci.oak-park.mi.us](http://www.ci.oak-park.mi.us). These can be located by clicking on the **FORMS and BROCHURES** tab.
- \* The City strives to continue the initiative of cooperation between neighborhoods and business to allow Oak Park to enhance both these aspects of our community. This ideal allows for both the residential and commercial sectors to benefit from each other.
- \* 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, 2006. 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. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

### Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Oak Park  
Michigan

for the Fiscal Year Ended

June 30, 2006



*Oliver S. Cox*  
President  
*Jeffrey L. Esser*  
Executive Director