

POPULAR ANNUAL FINANCIAL REPORT TO THE CITIZENS



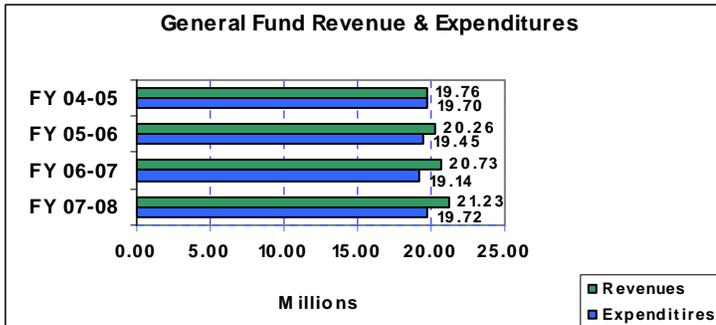
FINANCIAL STATEMENTS PRESENTED TO CITY COUNCIL FOR FISCAL YEAR 2007-2008



**OAK PARK CITY COUNCIL
(Pictured Left to Right)**

**Seated: Mayor Gerald E. Naftaly
Standing: Council Members Michael M. Seligson,
& Angela Diggs Jackson
Mayor Pro Tem Willie Horton
Council Member Paul Levine**

As we say farewell to another fiscal year (July 1, 2007 through June 30, 2008) 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, 2008 were \$21.23 million (excluding transfers) or an increase of 2.38% from the previous fiscal year. A portion of this increase can be attributed to a slight increase in property taxes and charges for services, which were 4.98% higher than FY 2006-2007.

The amount of property taxes collected in FY 2007-2008 totaled \$13.15 million. Property Taxes, which represent 61.93% of revenues, are limited to a 3.7% increase in 2007 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 \$4.27 million was received from State Revenue Sharing in FY 2007-2008. During FY 2006-2007, \$4.07 million (a 4.98% 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. This allocation is expected to remain the same for 2008. The amount appropriated for

Oak Park is estimated to be \$3.86 million.

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 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 overlay on Coolidge and the asphalt overlay on Major Streets and 65.33 miles of Local lay on Nine Mile are also expected to be completed during 2009. 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 road construction projects were completed in FY 2007-2008: Balfour between Briar and Church (\$400,153), off-street parking located on Eleven Mile Road (\$85,345) and on Coolidge between Eight and Ten Mile Roads (\$88,583). The removal and replacement of Eleven Mile Road from Greenfield to Woodward is still in progress. This project is expected to be completed in the spring of 2009. The concrete

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

Residents were also affected by construction. Information regarding road closures was posted well in advance and also broadcast on OPTV-15.

The City monitors roads that may require minor repairs. Crack and joint sealing along with road patching are projects that are performed on an as-needed basis.



Eleven Mile Road 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 \$8,061,610 in FY 2007-2008 and totaled \$7,835,161 during FY 2006-2007, an increase of 2.89%

A 6.47% increase in the wholesale water rate charged to Oak Park by the City of Detroit resulted in water purchases during FY 2007-2008 of \$1,030,551 compared to \$1,236,863 in FY 2006-2007. Oakland County has also raised the sewage disposal rate and the storm water rate.

Sewage expenses for FY 2007-2008 totaled \$3,456,952 compared to \$3,243,819 in FY 2006-2007. This increase is a result of higher sewage rate which has risen from \$44.90 per 1,000 cubic foot in 2006-2007 to \$48.00 in FY 2007-2008.

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 generates revenue through fees for water rates and sewage disposal. During 2007-2008, water revenues totaled \$8,934,671. The rise in the wholesale water rate from the City of Detroit not only increases expenses but affects revenues as well. Miscellaneous revenues are also collected as a result of late charges and disconnection notice fees. These additional monies totaled \$37,458 in FY 2007-2008.

This fund has produced a net income in FY 2007-2008 of \$1,099,035. This was a decrease of \$318,138 from Fiscal Year 2006-2007. 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.

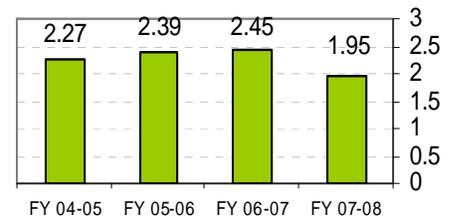
Revenues during FY 2007-2008 totaled \$2,348,016 an increase of 4.25% from FY 2006-2007 (\$2,248,404). These funds are received from a 2.4531 mill property tax levy. A monthly service charge of \$4.35 is also included with all water bills.

For FY 2007-2008, total expenditures for this fund equal \$1,952,377, which is a 8.92% decrease compared to expenditures of \$2,143,495 during FY 2006-2007. This decrease is mainly attributed to a decrease in refuse disposal costs.

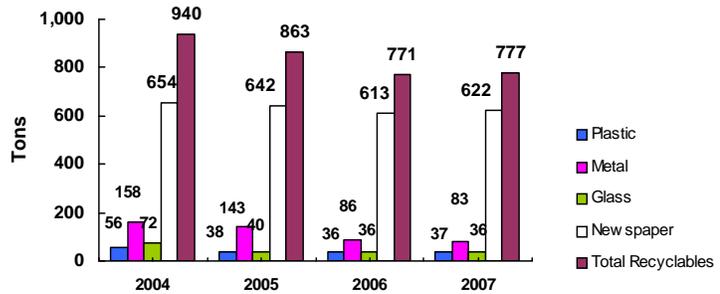
To ensure that the undesignated fund balance stays within adequate limits, the City is currently exploring options to keep these expenditures at an acceptable level (i.e. monitoring prescription drug co-pays to keep health care costs in check). If necessary, the monthly service charge incorporated into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

This fund is considered a Special Revenue Fund for accounting purposes.

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 2007-2008 include, but are not limited to: licenses and permits (\$332,852), Fines & Forfeitures (\$1,791,798), charges for services (\$550,232), and interest earned (\$281,072).

EXPENDITURES

Expenditures for FY 2007-2008 in the General Fund totaled \$19.72 million (excluding transfers). This is an increase of \$577,077, from the prior fiscal year.

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

are included in these costs. The City is partially self-insuring all full-time active employees and retirees.

The City of Oak Park Employees Retirement System is funded by contributions based on a percentage of payroll. The system experienced a \$4,932,866 decrease for FY 2007-2008, compared to a gain of \$6,627,621 for fiscal year ended June 30, 2007. Volatile economic conditions have contributed to this extreme difference in net assets from FYE 2007 to FYE 2008.

UNDESIGNATED FUND BALANCE

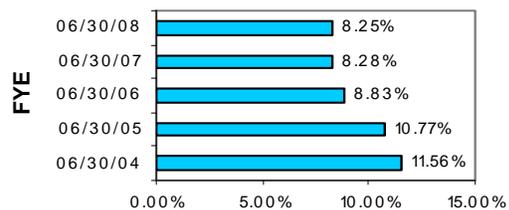
One measure of fiscal stability is Undesignated Fund Balance. This is the amount of reserves a city has on hand that has not been committed. The city's policy is to maintain

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, 2008 is 1.78 million which is 8.25% of expenditures and 8.30% 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



Star spangled fun at the City's annual Fourth of July parade.

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 \$1,117,615 during FY 2007-2008. This

is a decrease of 3.28% from \$1,155,419 in FY 2006-2007.

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 this 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.

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

WINTER ENERGY SAVING TIPS

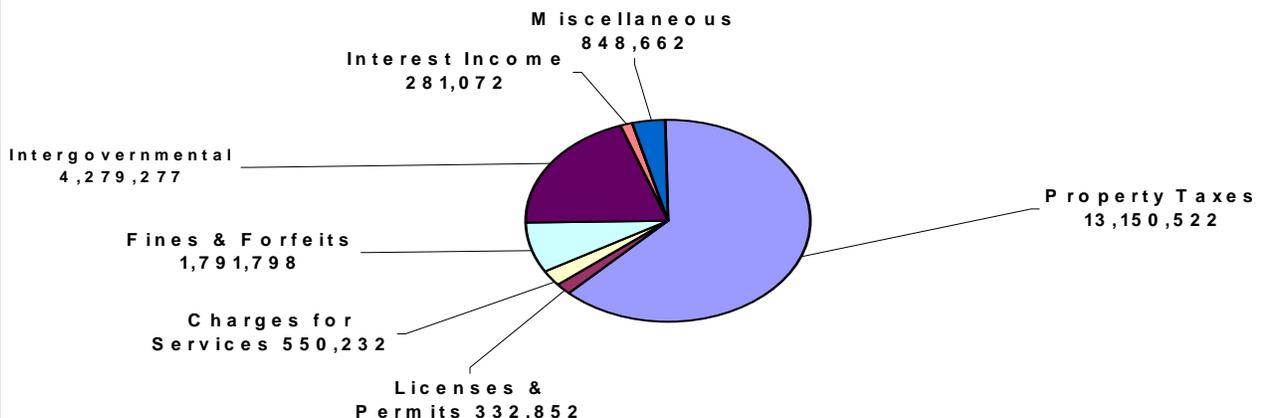


TAKE CONTROL OF YOUR NATURAL GAS COSTS!!

- ✕ Close your flue when your fireplace is not in use.
- ✕ Use the heat from the sun to help heat your home. Open drapes and shades during the day.
- ✕ Caulk around doors and windows to control drafts.
- ✕ If you have ceiling fans, turn them on a slow speed. The warm air will be pushed away from the ceiling and be distributed throughout your home.
- ✕ When doing your laundry, use a cold water rinse. Those in the appliance industry believe that cold water works just as well as warm. Also, for extremely dirty loads, soak first, than use a shorter wash cycle.
- ✕ Run your dishwasher only when full. The same amount of water is used regardless of how many dishes it may contain.

*Facts provided by: Michigan Gas Utilities Corporation.

FY 2007-2008 General Fund Revenue



DEBT

Based on a population of 32,399 the debt per capita is \$777.

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 \$25,805,000 account for the City's long term debt during FY 2007-2008. As of June 30, 2008 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 \$1.760 million as of June 30, 2008.

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 2007-2008 was 3.9280. 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 06/30/08</u>
Street Improvement 2003 Series	May 1, 2028	\$10,440,000
Street Improvement 2006 Series	May 1, 2030	\$10,925,000
Street Improvement Refunding Bond 2003 Series	May 1, 2012	\$4,440,000
Total General Obligation Debt		\$25,805,000

TAX RATES

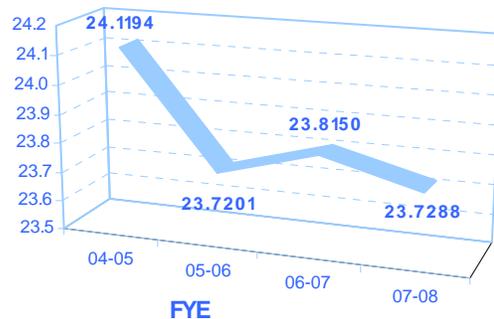
The largest source of revenue for the City of Oak Park is property taxes. Revenue from property taxes for FY 2007-2008 totaled \$13.15 million and \$12.47 million in FY 2006-2007.

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 Hall
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

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 2007-2008 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, 2008. 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 2008-2009 budget as of May 19, 2008. 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

- * During this time of economic uncertainty, the City of Oak Park is determined to maintain the high quality of service that our residents are familiar with.
- * The City has recently purchased several houses from the Department of Housing and Development (HUD) for \$1 per property. This will help to control blight and to return the properties to the City's tax rolls.
- * 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, 2007. 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, 2007



K. L. Post
President
Jeffrey L. Esser
Executive Director