

POPULAR ANNUAL FINANCIAL REPORT TO THE CITIZENS



FINANCIAL STATEMENTS PRESENTED TO CITY COUNCIL FOR FISCAL YEAR 2004-2005



OAK PARK CITY COUNCIL

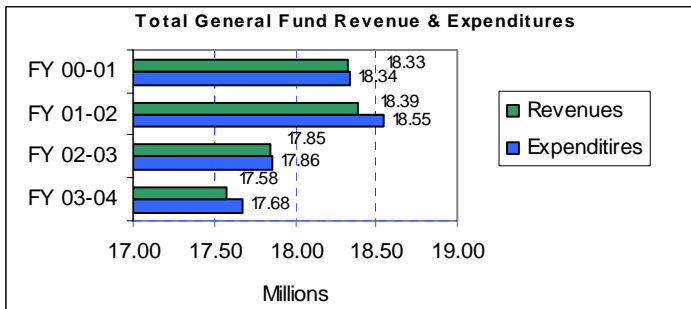
As of 06/30/05

(Pictured Left to Right)

Standing: Councilman Willie Horton, Mayor Gerald E. Naftaly, and Councilman Kirk Yousif.

Seated: Councilman Michael M. Seligson and Mayor Pro Tem Arthur Frolich,

As we say farewell to another fiscal year (July 1, 2004 through June 30, 2005) 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, 2005 were \$19.50 million (excluding transfers) or an increase of 12.59% from the previous fiscal year. A portion of this increase can be attributed to a slight increase in property taxes and additional revenues received from the annexed properties from Royal Oak Township.

The amount of property taxes collected in FY 2004-2005 totaled \$11.59 million. Property Taxes, which represent 59.44% of revenues, are limited to a 2.3% increase in 2005 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 \$4.04 million was received from State Revenue Sharing in FY 2004-2005. During FY 2003-2004, \$4.1 million (a 1.46% decrease) was received. The State is projecting a further decrease in 2005. The amount appropriated for Oak Park is estimated to be \$3.98 million for next year. This is an additional 1.64% decrease.

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. In 2001 alone the State reduced statutory payments to cities by \$87.2 million. This is what is being referred to as the "double roll".

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

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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 road construction projects were completed in FY 2004-2005: the intersection of Sherman Ave. and Colgate Ave. (\$1,200), the intersection of Oak Park Blvd. and Gardner Ave. (\$13,200), DPW Service Center Reconstruction (\$245,478) and the City Complex, including the replacement of the Shepherd Park basketball courts, (\$2,900,870).

City Complex improvements included the

addition of more parking spaces and existing spaces were widened. Curbs and pedestrian walkways were expanded. The approaches to all buildings were reconstructed to conform with ADA guidelines and stamped concrete was also added to the building entrances. The enhancements of the stamped concrete allows for more effective ice and snow removal.

These improvements were not only made in the vicinity of City Hall, but around the Library and Recreation Center as well. The scope of the construction also affected the various grassy areas around these projects. New sod was planted to replace any sections that were adversely impacted by the construction.

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



Ice Arena And General Services Building Parking Lot 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 operates 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 expenditures for this fund totaled \$7,083,210 in FY 2004-2005 and totaled \$7,489,197 during FY 2003-2004, a decrease of 5.42%

An 18.38% increase in the wholesale water rate charged to Oak Park by the City of Detroit resulted in water purchases during FY 2004-2005 of \$1,271,894, compared to \$992,308 during FY 2003-2004. Oakland County has also raised the sewage disposal rate and the storm water rate.

Sewage expenditures for FY 2003-2004 totaled \$2,914,324 compared to \$2,794,455 in FY 2004-2005. This decrease is a result of a slowdown of water consumption even though the sewage rates rose from \$31.65 per 1,000 cubic foot in 2003-2004 to \$37.68 in FY 2004-2005. Additional expenditures 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.

The Water and Sewer Fund generates revenue through fees for water rates and sewage disposal. During 2004-2005, water revenues totaled \$8,263,529. The rise in 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 \$29,695 in FY 2003-2004.

This fund has generated a net income in FY 2004-2005 of \$1,230,319. This was an increase of \$484,828 from FY 2003-2004. To offset these expenses,

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 preformed 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.

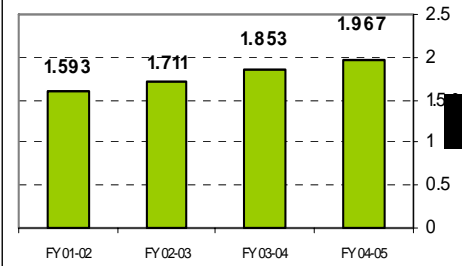
Revenues during FY 2004-2005 totaled \$2,000,451 an increase of .08% from FY 2003-2004 (\$1,998,951). These funds are received from a 2.4753 mill property tax levy. A monthly service charge of \$3.47 is also included with all water bills.

For FY 2004-2005, total expenditures for this fund equal \$2,277,531, which is a 5.79% increase compared to expenditures of \$2,158,665 during FY 2003-2004. This increase is mainly attributed to an increase in refuse disposal expenses and fringe ben-

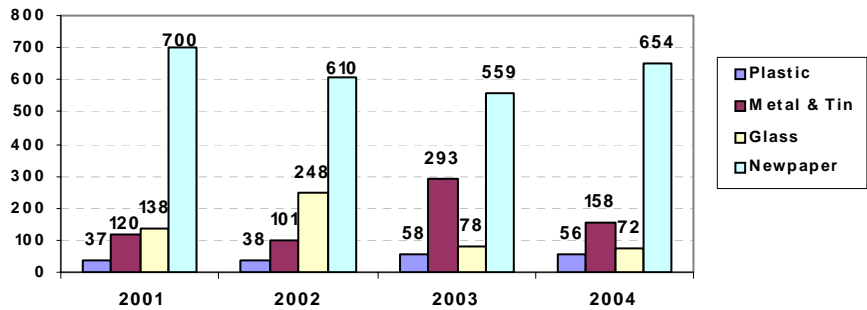
efits, specifically employee health care.

To ensure that the undesignated fund balance stays within adequate limits, the City is currently exploring options to keep these expenses 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.

Solid Waste Expenditures



Tons of Solid Waste Recycled In Oak Park



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 2004-2005 include, but are not limited to: licenses and permits (\$394,236), Fines & Forfeitures (\$1,493,699), charges for services (\$529,592), and interest earned (\$112,415). 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 2004-2005 in the General Fund totaled \$18.1 million (excluding transfers). This is an increase of \$12.29%, from the prior fiscal year.

The city's medical insurance rates increased an average of 10% due primarily to increased prescription

drug costs. This increase is not only for current employees, but for City retirees as well.

The City of Oak Park Employees Retirement System is funded by contributions based on a percentage of payroll. The system experienced a \$2.3 million loss for FY 2004-2005, compared to a \$502,526 gain for fiscal year ended June 30, 2004. As of June 30, 2005, retiree Health Care paid through the retirement system totaled \$993,973, a 9.35% increase from FY 2003-2004.

UNDESIGNATED FUND BALANCE

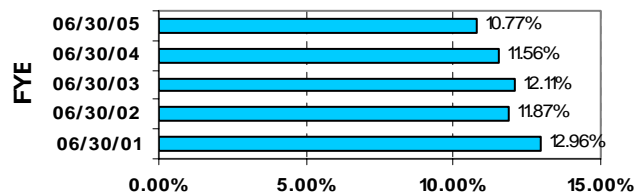
One measure of fiscal stability is Undesignated Fund Balance. This is the amount of reserves a city has on hand that has not been committed. The city's policy is to maintain

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, 2005 is 2.12 million which is 10.77% of expenditures and 10.74% 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



Even our four legged friends participate in the Fourth of July Parade organized by the Recreation Department. Photo courtesy of Julie Hock..

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 \$1,129,270 during FY 2004-2005. This

is a decrease of 5.84% from ties offered in our parks. In \$1,199,297 in FY 2003-2004. this way the Recreation

During FY 2004-2005, the City relocated and reconstructed the basketball courts in Shepherd Park. A NBA court, a high school court and a 1/2 court replaced the two old high school courts.

The Recreation Advisory Board and The Parks Administrative Committee meet on a monthly basis to discuss and plan the programs and activi-

Master Plan is developed. The Recreation staff has updated the Master Plan to replace the previous version that expired in 2004. 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.

OAK PARK COMMUNITY ETHNIC COOKBOOK SUBMIT YOUR FAVORITE FAMILY RECIPE!



To help celebrate our City's 60th Birthday, the Ethnic Advisory Commission will be publishing a Community Ethnic Cookbook. All residents are encouraged to contribute by submitting a recipe that is popular with your family and friends. Print or type your recipe and use the appropriate ingredient abbreviations. Please don't forget to review your submission for accuracy!

Please include the following with your recipe:

- * Name of Dish
- * Country of Origin
- * Recipe customs and/or history.
- * How your family and recipes came to Oak Park.
- * Address
- * Email
- * Ingredients
- * Recipe

You can email your recipes to:

vcardenas@ci.oak-park.mi.us

Or mail to:

**Victor Cardenas—Assistant to the City Manager
13600 Oak Park Blvd.
Oak Park, MI 48237**

FUND ACCOUNTING MADE EASY!

GOVERNMENTAL FUNDS: The biggest component of this account 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 account 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 \$605.

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 \$19,930,000 account for the City's long term debt during FY 2004-2005. As of June 30, 2005 the only outstanding Go bonds were 2003 Street Improvement and 2003 Street Refunding bonds.

During FY 2002-2003, the City carried \$3.175 million of debt from 1992 Revenue Bonds but because of favorable interest

rates, 2004 Refunding Bonds of \$2.945 million were issued to replace the 1992 Bonds. These bonds totaled \$2.675 million as of June 30, 2005.

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 is not expected to be borrowed until FY 2006-2007.

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. Please refer to the "Roads" Section of this document (p. 2) for the

projects that were completed during FY 2004-2005.

The mills levied for all GO bonds in FY 2004-2005 was 4.4168. 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 06/30/05</u> |
|---|------------------------------|---|
| Street Improvement 2003 Series | May 1, 2028 | \$11,125,000 |
| Street Improvement Refunding Bond 2003 Series | May 1, 2012 | <u>\$8,805,000</u> |
| Total General Obligation Debt | | <u>\$19,930,000</u> |

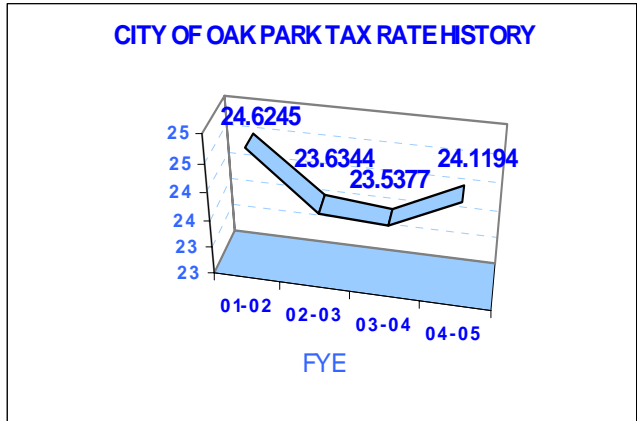
TAX RATES

The largest source of revenue for the City of Oak Park is property taxes. Revenue from property taxes for FY 2004-2005 totaled \$11.59 million and \$10.05 million in FY 2003-2004.

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.



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.

The State Department has passport information on their website:

http://travel.state.gov/passport_servcies.html

City of Oak Park

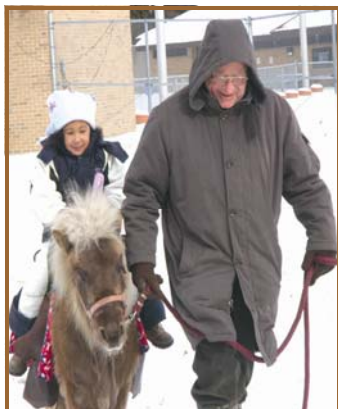
13600 Oak Park Blvd.
Oak Park, MI 48237

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 2004-2005 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, 2005. 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 Rhemann Robson has 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 2005-2006 budget as of May 16, 2005. Estimated revenues and expenditures for all City funds are contained in the budget document. A copy of 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,
City of Oak Park

POINTS OF INTEREST

- * Oak Park is celebrating its 60th anniversary. In 1945 the City's Charter was established to officially change from a Village to a City.
- * During fiscal year 2004-2005 the State of Michigan demolished the abandoned armory property, located on Eight Mile Rd., to a private developer. The armory was previously owned by the U.S. Government and is a 72 acre parcel. The future plans for this site include retail and residential development.
- * 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, 2004. 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, 2004



Nancy J. Zelle
President

Jeffrey J. Lane
Executive Director