

City of Roosevelt Park  
Muskegon County, Michigan

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

November 30, 2016



City of Roosevelt Park

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**INDEPENDENT AUDITOR'S REPORT**

February 21, 2017

Honorable Mayor and Members  
of the City Council  
City of Roosevelt Park  
Roosevelt Park, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roosevelt Park, Michigan, as of and for the year ended November 30, 2016, 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.

**Auditor's 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 auditor's 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.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roosevelt Park, Michigan, as of November 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

City Council  
City of Roosevelt Park  
February 21, 2017  
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**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in net pension liability and related ratios, pension system schedule of contributions, and schedule of funding progress – retiree healthcare plan on pages 3 through 12 and 47 through 51 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 of Roosevelt Park, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Muskegon, Michigan

As management of the City of Roosevelt Park, we present to the readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended November 30, 2016. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the City had total assets/deferred outflows of resources of \$17,174,555 and total liabilities/deferred inflows of resources of \$7,999,179 leaving net position of \$9,175,376.
- Of the total \$9,175,376 in net position, the City may use \$534,057 (unrestricted net position) to meet the ongoing obligations to citizens and creditors.
- Total revenues, including all program and general revenues, were \$4,881,252. Of that total, the governmental activities revenues were \$3,302,946 and business-type revenues were \$1,578,306.
- Total expenses for all of the City's programs were \$4,570,251. Of that total, the governmental activities expenses were \$3,031,708 and the business-type expenses were \$1,538,543.
- The City's General Fund reported a total fund balance of \$1,176,647 at year-end, an increase of \$277,930 over the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business type activities). The governmental activities of the City include general government, public safety, public works and culture and recreation activities. The business-type activities of the City include water distribution and sewer services.

The government-wide financial statements include not only the City (the primary government) but also the legally separate discretely presented component unit (Downtown Development Authority). The board of this organization is appointed by the City and given the interrelation of the two; there is some potential liability for the City due to the City's pledge of its full faith and credit for debt obligations. The financial information of this component unit is reported in a separate column from the financial information of the primary government itself.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories-governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Streets Fund, and Roosevelt Road Construction Fund which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** The City has two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution and sewer operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds financial statements provided separate information for Water and Sewer funds both of which are major funds.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

### Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information as it relates to the actual expenditures for the General Fund.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on budgetary information.

### Government-wide Financial Analysis

The first table presented on the next page is a summary of the government-wide statement of net position for the City. As stated earlier, the net position may be used as an indicator of a government's financial health. As of November 30, 2016, the City's net position from governmental activities totaled \$3,929,181 (43%) and \$5,246,195 (57%) from business-type activities, creating a total government-wide net position total of \$9,175,376. This is an increase of \$311,001 or 3.5% over 2015's totals.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., streets, buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the City's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for government-type activities actually depicts a balance of (\$775,513). This represents the amount of discretionary cash or investments that can be used for general governmental operations. The deficit in unrestricted net position is caused by the City's long-term net pension liability.

The business-type activities show a total of \$5,246,195 in net position and \$1,309,570 in unrestricted net position. The Sewer Fund and Water Fund unrestricted net position are \$472,673 and \$834,848, respectively.

The increase in current assets and other assets for governmental activities occurred as the City issued capital improvement bonds for road improvements and did not spend all of the proceeds prior to year end. Correspondingly, capital assets increased for the portion of debt-funded road improvements that were completed at year-end, and noncurrent liabilities increased for the new capital improvement bonds. Current liabilities increased due to liabilities related to street improvements at the end of the year.

Business-type capital assets increased, and current assets decreased due to improvements made to the water mains as part of the aforementioned street improvements.

### Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current assets and other assets	\$ 3,251,388	\$ 1,635,136	\$ 1,673,557	\$ 2,372,943	\$ 4,924,945	\$ 4,008,079
Capital assets	7,434,684	4,147,574	4,261,625	3,544,752	11,696,309	7,692,326
Total assets	10,686,072	5,782,710	5,935,182	5,917,695	16,621,254	11,700,405
Deferred outflows of resources	497,971	179,758	55,330	19,973	553,301	199,731
Total assets and deferred outflows of resources	11,184,043	5,962,468	5,990,512	5,937,668	17,174,555	11,900,136
Current liabilities	758,301	273,794	189,455	183,107	947,756	456,901
Noncurrent liabilities	6,447,569	2,030,731	549,418	548,129	6,996,987	2,578,860
Total liabilities	7,205,870	2,304,525	738,873	731,236	7,944,743	3,035,761
Deferred inflows of resources	48,992	-	5,444	-	54,436	-
Total liabilities and deferred inflows of resources	7,254,862	2,304,525	744,317	731,236	7,999,179	3,035,761
Net position						
Net investment in capital assets	4,331,460	4,126,367	3,936,625	3,164,752	8,268,085	7,291,119
Restricted	373,234	268,307	-	-	373,234	268,307
Unrestricted	(775,513)	(736,731)	1,309,570	2,041,680	534,057	1,304,949
Total net position	\$ 3,929,181	\$ 3,657,943	\$ 5,246,195	\$ 5,206,432	\$ 9,175,376	\$ 8,864,375

# City of Roosevelt Park

## Management's Discussion and Analysis

The results of this year's operations for the City as a whole are reported in the statement of activities, which shows changes in net position.

### Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 675,056	\$ 683,398	\$ 1,577,119	\$ 1,551,977	\$ 2,252,175	\$ 2,235,375
Operating grants	265,235	294,183	-	-	265,235	294,183
Capital grants and contributions	448,680	490	-	-	448,680	490
General revenues						
Property taxes	1,476,048	1,477,660	-	-	1,476,048	1,477,660
Franchise fees	62,303	62,324	-	-	62,303	62,324
Grants and contributions not restricted	319,509	318,667	-	-	319,509	318,667
Unrestricted investment earnings	7,820	2,376	1,187	1,056	9,007	3,432
Miscellaneous	15,835	15,884	-	-	15,835	15,884
Gain on disposal of capital assets	32,460	47,138	-	-	32,460	47,138
<b>Total revenues</b>	<b>3,302,946</b>	<b>2,902,120</b>	<b>1,578,306</b>	<b>1,553,033</b>	<b>4,881,252</b>	<b>4,455,153</b>
<b>Expenses:</b>						
General government	675,818	648,938	-	-	675,818	648,938
Public safety	1,166,332	1,034,858	-	-	1,166,332	1,034,858
Public works	1,031,027	966,384	-	-	1,031,027	966,384
Culture and recreation	92,649	92,337	-	-	92,649	92,337
Interest on long term debt	65,882	2,050	-	-	65,882	2,050
Sewer	-	-	939,699	902,760	939,699	902,760
Water	-	-	598,844	661,407	598,844	661,407
<b>Total expenses</b>	<b>3,031,708</b>	<b>2,744,567</b>	<b>1,538,543</b>	<b>1,564,167</b>	<b>4,570,251</b>	<b>4,308,734</b>
<b>Change in net position</b>	<b>271,238</b>	<b>157,553</b>	<b>39,763</b>	<b>(11,134)</b>	<b>311,001</b>	<b>146,419</b>
<b>Net position - Beginning</b>	<b>3,657,943</b>	<b>3,500,390</b>	<b>5,206,432</b>	<b>5,217,566</b>	<b>8,864,375</b>	<b>8,717,956</b>
<b>Net position - Ending</b>	<b>\$ 3,929,181</b>	<b>\$ 3,657,943</b>	<b>\$ 5,246,195</b>	<b>\$ 5,206,432</b>	<b>\$ 9,175,376</b>	<b>\$ 8,864,375</b>

For the year ended November 30, 2016, net position increased by \$271,238 in governmental activities and \$39,763 in business-type activities, respectively. This resulted in a net increase of \$311,001 in government-wide net position.

### **Governmental Activities**

For governmental activities overall revenue increased by \$400,826 from 2015. Most of this increase came from \$446,800 in grants for street improvements. This was partially offset by a reduction in operating grants caused by a decrease in State funding for streets through Public Act 84 of 2015.

Expenses for all governmental functions increased by a total of \$287,141 in 2016. Increases in pension costs and the first interest installment on the new capital improvements accounted for the majority of the increase.

### **Business-type activities**

In 2016, water expenses decreased due to less water purchases than in the prior year.

### **Financial Analysis of the Government's Funds**

As stated earlier in this discussion and analysis, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2016 fiscal year, the City governmental funds reported a combined unassigned fund balance of \$1,075,076, all of which is in the General Fund. The remainder of the fund balance is nonspendable as it has been spent on prepaid items for the following year; is restricted for streets and highways, Roosevelt Park Day, or capital projects; or is assigned for the subsequent year's budget.

The General Fund is the chief operating fund of the City. The General Fund ended the year with a fund balance of \$1,176,647, an increase of \$277,930 from fiscal year 2015. The health of the General Fund may be measured by the ratio of unassigned fund balance to annual expenditures and transfers. The unassigned fund balance represents 47% of the General Fund's expenditures and transfers (36% in the prior year).

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Sewer Fund and Water Fund decreased by \$93,763 and increased by \$135,714, respectively. The result was an overall net increase in the proprietary funds of \$41,951.

### General Fund Budget

During the current fiscal year, the City made several amendments to its original General Fund budget. The most significant of those is listed below:

- Property tax revenues were originally budgeted for \$1,453,170 and were amended up to \$1,474,383 to reflect higher taxable value than initially expected.
- Intergovernmental revenues – State was originally budgeted for \$336,375 and was amended down to \$321,975 to reflect actual state revenue sharing.
- City manager expenditures were originally budgeted for \$94,840 and were amended down to \$66,150 to reflect savings from hiring a new part-time city manager.
- Police department expenditures were originally budgeted for \$702,399 and were amended up to \$728,330 due to additional overtime and vehicle repairs.
- Public service expenditures were originally budgeted for \$313,120 and were amended up to \$333,310 due to the hiring of an additional part-time employee. The sanitation expenditures and parks expenditures budgets were also increased to reflect additional work from the additional employee.

### Budget Variations

There were no major variations from the final budget to actual revenues and expenditures.

### Capital Assets

The City investment in capital assets for its governmental and business-type activities as of November 30, 2016 totaled \$11,696,309 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, equipment, plants and vehicles.

Major capital asset events during the current fiscal year included the following:

- The completion of improvements on Roosevelt Road at a total cost of \$3,669,605. Water main improvements on Roosevelt Road of \$800,000 were also completed.
- Two new pickups were purchased for public works at a cost of \$54,954, and a dump truck was purchased for \$45,232.
- The City entered into a capital lease for a new backhoe for \$83,500.

**CAPITAL ASSETS  
(Net of Accumulated Depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 291,547	\$ 291,547	\$ 600	\$ 600	\$ 292,147	\$ 292,147
Construction in progress	-	242,871	-	-	-	242,871
Land improvements	48,806	52,952	-	-	48,806	52,952
Buildings and improvements	936,350	975,461	-	-	936,350	975,461
Vehicles and equipment	456,254	382,299	-	-	456,254	382,299
Infrastructure	5,701,727	2,202,444	-	-	5,701,727	2,202,444
Sewer system	-	-	1,837,297	1,882,874	1,837,297	1,882,874
Water system	-	-	2,423,728	1,661,278	2,423,728	1,661,278
<b>Total</b>	<b>\$ 7,434,684</b>	<b>\$ 4,147,574</b>	<b>\$ 4,261,625</b>	<b>\$ 3,544,752</b>	<b>\$ 11,696,309</b>	<b>\$ 7,692,326</b>

Additional information on the City’s capital assets can be found in Note E of the “Notes to Financial Statements” of this report.

**Debt Administration**

At the end of the 2016 fiscal year, the City had total outstanding debt of \$7,240,687 consisting of capital leases, compensated absences, general obligation bonds, other postemployment benefits, and the net pension liability. The \$325,000 in the business-type activities is backed by the full-faith and credit of the City. The payment of these bonds is through the revenues generated from the Water and Sewer funds.

**OUTSTANDING DEBT**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Capital leases	\$ 65,751	\$ 21,207	\$ -	\$ -	\$ 65,751	\$ 21,207
General obligation bonds	3,966,394	-	325,000	380,000	4,291,394	380,000
Compensated absences	39,362	43,566	-	-	39,362	43,566
Other postemployment benefits	325,475	202,977	36,164	22,553	361,639	225,530
Net pension liability	2,234,287	1,805,188	248,254	200,576	2,482,541	2,005,764
<b>Total</b>	<b>\$ 6,631,269</b>	<b>\$ 2,072,938</b>	<b>\$ 609,418</b>	<b>\$ 603,129</b>	<b>\$ 7,240,687</b>	<b>\$ 2,676,067</b>

The City’s total debt increased by \$4,564,620 during the fiscal year. This increase is a result of the City issuing \$4,000,000 in capital improvement bonds for road improvements, entering into a capital lease for a new backhoe, and continuing to record a liability for unfunded other postemployment benefits as it is not fully funding its annual required contribution. The net pension liability also increased due to assumption changes and investment return not meeting expectations.

In addition to the City's debt, the City's DDA component unit had outstanding debt of \$420,000 for the Broadway streetscape project. This debt is secured by the limited full faith and credit of the City and is an important consideration in assessing the City's overall fiscal health.

Additional information on the City's long-term debt can be found in Note G of the "Notes to Financial Statements" of this report.

### General Economic Overview

The City continues to see fiscal accountability and financial stability as its top priority. The operating margin between revenues and typical expenses for all services is small and will continue to be an on-going challenge.

<u>YEAR</u>	<u>TOTAL PROPERTY TAXES</u> <u>(percentage change)</u>	<u>STATE SHARED REVENUE</u> <u>(percentage change)</u>
2016	\$ 1,476,048 (-.1%)	\$ 319,509 (+1.0%)
2015	1,477,660 (+ 40.7%)	316,465 (-.3%)
2014	1,050,439 (+.1%)	317,374 (+2.1%)
2013	1,049,071 (- 4.3%)	310,593 (+1.7%)
2012	1,096,674 (-2.8%)	305,343 (+5.4%)
2011	1,128,474 (-5.0%)	289,666 (+1.9%)
2010	1,187,913 (-3.5%)	284,299 (-4.9%)
2009	1,228,949 (-.05%)	298,156 (-10.3%)
2008	1,235,103 (+3.0%)	332,569 (-4.4%)
2007	1,199,484 (+3.0%)	347,843 (-1.5%)
2006	1,164,564	353,077

For fiscal year 2017, the City will maintain its millage rate at 16.6 mills. The additional 5 mills that were levied beginning in 2015 will be used primarily to fund the debt service of the Roosevelt Road construction project. The City has also budgeted a slight increase in State Revenue Sharing based on projections from the State. No other significant changes are expected in General Fund revenues.

The City has budgeted funds in 2017 for the purchase of a police cruiser and \$7,000 for equipment upgrades for the police department. No other capital projects are expected in the General Fund in fiscal 2016. The City has also budgeted for security improvements to City Hall and new furnaces and air conditioners for City Hall.

The City has budgeted in 2017 for playground improvements to Fordham Park. The City received a state grant for \$15,000 and will match it with \$5,000.

In the spring of 2017, the City will begin the reconstruction of Dawes Road, from Broadway to Greenwich Road, and Westland Road, from Broadway to Greenwich Road. Both projects include the installation of a new watermain and a storm sewer system. The projects are expected to be completed in the fall of 2017. The City will also make minor improvements to Summit Road and will micro seal several streets in an attempt to extend the life of the streets.

Projects planned in the Water Fund include the replacement of the water mains in Dawes Road and Westland Road. Sewer Fund expenditures will include the continuation of the city-wide sanitary sewer system cleaning with funding budgeted in the amount of \$25,000. The City also expects a significant decrease in County wastewater costs due to the installation of groundwater sewer from the 2016 Roosevelt Road Project.

Health insurance is a focus area of the City as it works to limit cost increases. Retiree cost sharing consisting of a 10% contribution has been implemented since 2011, and the City has adopted the hard cap provision for all full-time employees to further alleviate the costs and to comply with the State's Economic Vitality Incentive Program (EVIP).

The City has adopted a defined contribution plan for both Teamsters union and non-union new hires in an effort to lower the long-term legacy costs for future retirees.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Roosevelt Park's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Roosevelt Park, 900 Oak Ridge Road, Roosevelt Park, MI, 49441, (231) 755-3721.

City of Roosevelt Park  
**STATEMENT OF NET POSITION**  
November 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 3,134,326	\$ 1,258,144	\$ 4,392,470	\$ 405,518
Receivables	3,547	376,711	380,258	-
Due from other governmental units	98,164	-	98,164	-
Internal balances	(2,049)	2,049	-	-
Inventories	-	36,653	36,653	-
Prepaid items	17,400	-	17,400	-
Total current assets	3,251,388	1,673,557	4,924,945	405,518
Noncurrent assets				
Capital assets, net				
Nondepreciable	291,547	600	292,147	133,071
Depreciable	7,143,137	4,261,025	11,404,162	-
Total noncurrent assets	7,434,684	4,261,625	11,696,309	133,071
Total assets	10,686,072	5,935,182	16,621,254	538,589
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	497,971	55,330	553,301	-
Total assets and deferred outflows of resources	11,184,043	5,990,512	17,174,555	538,589
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	251,293	3,041	254,334	71
Due to other governmental units	323,308	126,414	449,722	-
Bonds and other obligations, due within one year	183,700	60,000	243,700	200,000
Total current liabilities	758,301	189,455	947,756	200,071
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	4,213,282	301,164	4,514,446	220,000
Net pension liability	2,234,287	248,254	2,482,541	-
Total noncurrent liabilities	6,447,569	549,418	6,996,987	220,000
Total liabilities	7,205,870	738,873	7,944,743	420,071
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	48,992	5,444	54,436	-
Total liabilities and deferred inflows of resources	7,254,862	744,317	7,999,179	420,071
<b>NET POSITION</b>				
Net investment in capital assets	4,331,460	3,936,625	8,268,085	133,071
Restricted				
Streets and highways	346,652	-	346,652	-
Roosevelt Park Day	26,582	-	26,582	-
Unrestricted	(775,513)	1,309,570	534,057	(14,553)
Total net position	<b>\$ 3,929,181</b>	<b>\$ 5,246,195</b>	<b>\$ 9,175,376</b>	<b>\$ 118,518</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF ACTIVITIES**  
For the year ended November 30, 2016

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 675,818	\$ 38,150	\$ -	\$ -	\$ (637,668)	\$ -	\$ (637,668)	\$ -
Public safety	1,166,332	145,273	5,408	-	(1,015,651)	-	(1,015,651)	-
Public works	1,031,027	488,597	254,402	448,680	160,652	-	160,652	-
Culture and recreation	92,649	3,036	5,425	-	(84,188)	-	(84,188)	-
Interest on long-term debt	65,882	-	-	-	(65,882)	-	(65,882)	-
Total governmental activities	3,031,708	675,056	265,235	448,680	(1,642,737)	-	(1,642,737)	-
Business-type activities								
Sewer	939,699	845,015	-	-	-	(94,684)	(94,684)	-
Water	598,844	732,104	-	-	-	133,260	133,260	-
Total business-type activities	1,538,543	1,577,119	-	-	-	38,576	38,576	-
Total primary government	<b>\$ 4,570,251</b>	<b>\$ 2,252,175</b>	<b>\$ 265,235</b>	<b>\$ 448,680</b>	(1,642,737)	38,576	(1,604,161)	-
Component unit								
Downtown Development Authority								
General government	\$ 32,000	\$ -	\$ -	\$ -	-	-	-	(32,000)
Public safety	80,000	-	-	-	-	-	-	(80,000)
Public works	78,747	-	-	-	-	-	-	(78,747)
Interest on long-term debt	12,140	-	-	-	-	-	-	(12,140)
Total component unit	<b>\$ 202,887</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	-	-	-	(202,887)
General revenues								
Property taxes					1,476,048	-	1,476,048	588,885
Franchise fees					62,303	-	62,303	-
Grants and contributions not restricted to specific programs					319,509	-	319,509	-
Unrestricted investment earnings					7,820	1,187	9,007	755
Miscellaneous					15,835	-	15,835	-
Gain on disposal of capital assets					32,460	-	32,460	-
Total general revenues					1,913,975	1,187	1,915,162	589,640
Change in net position					271,238	39,763	311,001	386,753
Net position at December 1, 2015					3,657,943	5,206,432	8,864,375	(268,235)
Net position at November 30, 2016					<b>\$ 3,929,181</b>	<b>\$ 5,246,195</b>	<b>\$ 9,175,376</b>	<b>\$ 118,518</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**BALANCE SHEET**  
 Governmental Funds  
 November 30, 2016

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Roosevelt Road Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 1,207,346	\$ 252,462	\$ 1,383,062	\$ 82,234	\$ 2,925,104
Accounts receivable	3,547	-	-	-	3,547
Due from other governmental units	56,472	28,277	-	10,728	95,477
Prepaid items	17,400	-	-	-	17,400
Total assets	<b>\$ 1,284,765</b>	<b>\$ 280,739</b>	<b>\$ 1,383,062</b>	<b>\$ 92,962</b>	<b>\$ 3,041,528</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 38,033	\$ 445	\$ 193,727	\$ 22	\$ 232,227
Accrued liabilities	9,879	-	-	-	9,879
Due to other governmental units	60,206	-	260,414	-	320,620
Total liabilities	108,118	445	454,141	22	562,726
<b>FUND BALANCES</b>					
Nonspendable - prepaid items	17,400	-	-	-	17,400
Restricted					
Streets and highways	-	280,294	-	66,358	346,652
Roosevelt Park Day	-	-	-	26,582	26,582
Capital projects	-	-	928,921	-	928,921
Assigned to subsequent year's budget appropriation of fund balance	84,171	-	-	-	84,171
Unassigned	1,075,076	-	-	-	1,075,076
Total fund balances	1,176,647	280,294	928,921	92,940	2,478,802
Total liabilities and fund balances	<b>\$ 1,284,765</b>	<b>\$ 280,739</b>	<b>\$ 1,383,062</b>	<b>\$ 92,962</b>	<b>\$ 3,041,528</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 November 30, 2016

Total fund balance—governmental funds \$ 2,478,802

Amounts reported for governmental activities in the Statement of Net Position  
 are different because:

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

Cost of capital assets	\$ 9,348,702	
Accumulated depreciation	<u>(2,210,782)</u>	7,137,920

Long-term liabilities in governmental activities are not due and payable in the  
 current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(8,300)	
Bonds and notes payable	(3,966,394)	
Compensated absences	(39,362)	
Other postemployment benefits	(325,475)	
Net pension liability and related deferred outflows/inflows of resources	<u>(1,785,308)</u>	(6,124,839)

Internal service funds are used by management to charge the costs of  
 certain activities to individual funds. The assets and liabilities of the  
 internal service funds are reported with governmental activities in the  
 Statement of Net Position.

Net position of the internal service funds	439,347	
Internal balances representing the cumulative differences between actual costs and amounts charged to business-type activities	<u>(2,049)</u>	<u>437,298</u>

Net position of governmental activities	<u><u>\$ 3,929,181</u></u>
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The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended November 30, 2016

	General Fund	Major Streets Fund	Roosevelt Road Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 1,476,048	\$ -	\$ -	\$ -	\$ 1,476,048
Licenses and permits	117,628	-	-	-	117,628
Intergovernmental revenues					
Federal	3,785	-	446,800	-	450,585
State	324,602	202,778	-	66,564	593,944
Charges for services	591,758	-	-	-	591,758
Fines and forfeitures	12,628	-	-	-	12,628
Investment earnings	2,709	219	4,830	69	7,827
Other	24,637	12,108	-	10,379	47,124
Total revenues	2,553,795	215,105	451,630	77,012	3,297,542
<b>EXPENDITURES</b>					
Current					
General government	581,965	-	-	-	581,965
Public safety	987,923	-	-	-	987,923
Public works	550,647	95,342	-	51,137	697,126
Culture and recreation	57,274	-	-	13,390	70,664
Other governmental functions	19,267	-	-	-	19,267
Debt service					
Principal	21,207	-	-	-	21,207
Interest	1,050	-	-	56,532	57,582
Bond issuance costs	-	-	62,369	-	62,369
Capital outlay	-	-	3,426,734	-	3,426,734
Total expenditures	2,219,333	95,342	3,489,103	121,059	5,924,837
Excess of revenues over (under) expenditures	334,462	119,763	(3,037,473)	(44,047)	(2,627,295)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	4,000,000	-	4,000,000
Discount on bonds issued	-	-	(33,606)	-	(33,606)
Transfers in	-	-	-	56,532	56,532
Transfers out	(56,532)	-	-	-	(56,532)
Total other financing sources (uses)	(56,532)	-	3,966,394	56,532	3,966,394
Net change in fund balances	277,930	119,763	928,921	12,485	1,339,099
Fund balances at December 1, 2015	898,717	160,531	-	80,455	1,139,703
Fund balances at November 30, 2016	<b>\$ 1,176,647</b>	<b>\$ 280,294</b>	<b>\$ 928,921</b>	<b>\$ 92,940</b>	<b>\$ 2,478,802</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
 For the year ended November 30, 2016

Net change in fund balances—total governmental funds \$1,339,099

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (250,930)	
Capital outlay	3,426,734	3,175,804

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (27,321)

The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(4,000,000)	
Discount on long-term debt issued	33,606	
Repayment of principal on long-term debt	21,207	(3,945,187)

Change in accrual of interest and amortization of premiums and discounts		
Change in accrued interest payable	(8,300)	
Amortization of premiums and discounts	-	(8,300)

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 the governmental funds.

Change in compensated absences	4,204	
Change in other postemployment benefits	(122,498)	
Change in net pension liability and related deferred outflows/inflows of resources	(159,878)	(278,172)

The internal service fund is used by management to charge the costs of equipment used to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

Change in net position of the internal service fund	13,127	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	2,188	15,315

Change in net position of governmental activities	<b>\$ 271,238</b>	
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The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF NET POSITION**  
Proprietary Funds  
November 30, 2016

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 461,065	\$ 797,079	\$ 1,258,144	\$ 209,222
Accounts receivable	204,854	171,857	376,711	-
Due from other governmental units	-	-	-	2,687
Inventories	2,665	33,988	36,653	-
Total current assets	668,584	1,002,924	1,671,508	211,909
Noncurrent assets				
Capital assets				
Land	-	600	600	-
Utility systems	3,122,515	3,061,480	6,183,995	-
Buildings and improvements	-	16,029	16,029	-
Vehicles and equipment	-	-	-	755,306
Less accumulated depreciation	(1,285,218)	(653,781)	(1,938,999)	(458,542)
Total noncurrent assets	1,837,297	2,424,328	4,261,625	296,764
Total assets	2,505,881	3,427,252	5,933,133	508,673
<b>DEFERRED OUFLOWS OF RESOURCES</b>				
Related to pension	27,665	27,665	55,330	-
Total assets and deferred outflows of resources	2,533,546	3,454,917	5,988,463	508,673
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,397	1,644	3,041	888
Due to other governmental units	77,248	49,166	126,414	2,687
Bonds and other obligations, due within one year	24,500	35,500	60,000	15,700
Total current liabilities	103,145	86,310	189,455	19,275
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	126,082	175,082	301,164	50,051
Net pension liability	124,127	124,127	248,254	-
Total noncurrent liabilities	250,209	299,209	549,418	50,051
Total liabilities	353,354	385,519	738,873	69,326
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions	2,722	2,722	5,444	-
Total liabilities and deferred inflows of resources	356,076	388,241	744,317	69,326
<b>NET POSITION</b>				
Net investment in capital assets	1,704,797	2,231,828	3,936,625	231,013
Unrestricted	472,673	834,848	1,307,521	208,334
Total net position	<b>\$ 2,177,470</b>	<b>\$ 3,066,676</b>	5,244,146	<b>\$ 439,347</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			2,049	
Net position of business-type activities			<b>\$ 5,246,195</b>	

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Proprietary Funds  
For the year ended November 30, 2016

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 843,515	\$ 730,504	\$ 1,574,019	\$ 131,568
<b>OPERATING EXPENSES</b>				
Administration	126,797	109,935	236,732	18,039
Operations	760,733	441,138	1,201,871	60,747
Depreciation	45,577	37,550	83,127	72,380
Total operating expenses	<u>933,107</u>	<u>588,623</u>	<u>1,521,730</u>	<u>151,166</u>
Operating income (loss)	(89,592)	141,881	52,289	(19,598)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	325	862	1,187	265
Connection fees	1,500	1,600	3,100	-
Gain on sale of capital assets	-	-	-	32,460
Interest expense	(5,996)	(8,629)	(14,625)	-
Total nonoperating revenues (expenses)	<u>(4,171)</u>	<u>(6,167)</u>	<u>(10,338)</u>	<u>32,725</u>
Change in net position	(93,763)	135,714	41,951	13,127
Net position at December 1, 2015	<u>2,271,233</u>	<u>2,930,962</u>		<u>426,220</u>
Net position at November 30, 2016	<u><b>\$ 2,177,470</b></u>	<u><b>\$ 3,066,676</b></u>		<u><b>\$ 439,347</b></u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			<u>(2,188)</u>	
Change in net position of business-type activities			<u><b>\$ 39,763</b></u>	

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF CASH FLOWS**  
Proprietary Funds  
For the year ended November 30, 2016

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 870,046	\$ 756,582	\$ 1,626,628	\$ -
Receipts from interfund services provided	-	-	-	131,568
Payments to suppliers	(846,759)	(479,474)	(1,326,233)	(44,879)
Payments to employees	(25,459)	(39,103)	(64,562)	(34,449)
Payment for interfund services used	(4,000)	(10,688)	(14,688)	-
Net cash provided by (used for) operating activities	(6,172)	227,317	221,145	52,240
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Connection fees	1,500	1,600	3,100	-
Purchases of capital assets	-	(800,000)	(800,000)	(100,186)
Principal paid on capital debt	(22,500)	(32,500)	(55,000)	(17,749)
Interest paid on capital debt	(5,996)	(8,629)	(14,625)	-
Proceeds from sale of capital assets	-	-	-	32,460
Net cash used for capital and related financing activities	(26,996)	(839,529)	(866,525)	(85,475)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment earnings	325	862	1,187	265
Net increase (decrease) in cash and investments	(32,843)	(611,350)	(644,193)	(32,970)
Cash and investments at December 1, 2015	493,908	1,408,429	1,902,337	242,192
Cash and investments at November 30, 2016	<b>\$ 461,065</b>	<b>\$ 797,079</b>	<b>\$ 1,258,144</b>	<b>\$ 209,222</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (89,592)	\$ 141,881	\$ 52,289	\$ (19,598)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	45,577	37,550	83,127	72,380
Change in assets and liabilities				
Accounts receivable	26,531	26,078	52,609	-
Due from other governmental units	-	-	-	(2,687)
Inventories	360	36	396	-
Accounts payable	(388)	449	61	(542)
Due to other governmental units	(4,347)	5,634	1,287	2,687
Accrued liabilities	15,687	15,689	31,376	-
Net cash provided by (used for) operating activities	<b>\$ (6,172)</b>	<b>\$ 227,317</b>	<b>\$ 221,145</b>	<b>\$ 52,240</b>
Noncash capital and related financing activities				
Capital assets acquired through capital lease	\$ -	\$ -	\$ -	\$ 83,500

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
November 30, 2016

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ -</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Roosevelt Park (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Reporting Entity**

The City is a municipal corporation governed by an elected seven member City Council with an appointed mayor and is administered by a city manager appointed by the City Council. The accompanying financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

***Discretely Presented Component Unit***

*Downtown Development Authority (DDA)*. The DDA's purpose is the collection of tax increment revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the City's downtown district. Board members of the DDA are appointed by the City and the Authority is fiscally dependent on the City since the council approves the DDA budget and must approve any debt issuance. The DDA is presented as a governmental fund type.

**Basis of Presentation—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 unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. 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.

As discussed earlier, the City's discretely presented component unit is reported in a separate column in the government-wide 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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions 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.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-Wide and Fund Financial Statements—Continued**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for money distributed by the State of Michigan for construction and maintenance of the City's major streets.

The Roosevelt Road Construction Fund accounts for the proceeds of the 2016 Capital Improvement Bonds.

The City reports the following major enterprise funds:

The Sewer Fund operates the City's sewage pumping station, collection systems and pays for access to the County's sewage treatment plant.

The Water Fund operates the City's water distribution system.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for equipment management services provided to other funds of the government on a cost reimbursement basis.

The Agency Fund is custodial in nature and used to account for assets held by the City as an agent for another organization or individual.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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 City 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within 60 days of the end of 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.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash and Investments***

The City's cash and cash equivalents 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.

Investments for the City are reported at fair value (generally based on quoted market prices).

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Cash and Investments—Continued***

The City has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the City to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

The component unit's cash and investments are maintained within the City's investment pool.

***Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased in the business-type activities.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include only items acquired since December 1, 2003 as allowed by generally accepted accounting principles.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	10-20
Buildings and improvements	10-40
Infrastructure	10-50
Vehicles and equipment	5-30

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Defined Benefit Plan***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Municipal Employees Retirement System (MERS). 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.

***Deferred Outflows/Inflows 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumptions***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Fund Balance Policies—Continued***

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

All trade and property tax receivables are shown net of allowance for uncollectibles.

The City bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and lien on December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the City to the County for collection. The County advances the City all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the City. The City recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2015 state taxable value for real/personal property of the City totaled approximately \$103,898,000 of which approximately \$18,434,000 was captured by the component unit. The ad valorem taxes levied consisted of 16.6 mills for operations. These amounts are recognized in the General Fund with captured amounts shown in the DDA component unit.

***Compensated Absences***

City employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Unused vacation and sick leave days are paid to employees upon termination under limits that vary by employee group. The liability for these compensated absences is accrued when incurred in the government-wide financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

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 are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds 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.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. The legal level of budgetary control is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

**NOTE C—DEPOSITS AND INVESTMENTS**

As of November 30, 2016, the City had the following investments:

<b>Investment Type</b>	<b><u>Fair value</u></b>	<b><u>Weighted average maturity (Days)</u></b>	<b><u>Moody's</u></b>	<b><u>Percent</u></b>
Money market mutual fund	\$ 475,717	42	Aaa	100 %

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

**Deposit and Investment Risks**

***Interest Rate Risk***

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk***

The City does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the City investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of November 30, 2016, \$3,970,585 of the City's bank balance of \$4,470,585 was exposed to custodial credit risk because it was uninsured and uncollateralized.

***Custodial Credit Risk – Investments***

The City does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

***Foreign Currency Risk***

The City is not authorized to invest in investments which have this type of risk.

**NOTE D—FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at November 30, 2016.

***Money market funds:*** Valued at amortized cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	<b>Assets at Fair Value as of November 30, 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ -	\$ 475,717	\$ -	\$ 475,717

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE E—CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2016 was as follows:

	<b>Balance December 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2016</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 291,547	\$ -	\$ -	\$ 291,547
Construction in progress	242,871	3,426,734	3,669,605	-
Total capital assets, not being depreciated	534,418	3,426,734	3,669,605	291,547
<b>Capital assets, being depreciated:</b>				
Land improvements	74,716	-	-	74,716
Buildings and improvements	1,564,441	-	-	1,564,441
Vehicles and equipment	1,111,014	183,686	106,345	1,188,355
Infrastructure	3,315,344	3,669,605	-	6,984,949
Total capital assets, being depreciated	6,065,515	3,853,291	106,345	9,812,461
<b>Less accumulated depreciation:</b>				
Land improvements	21,764	4,146	-	25,910
Buildings and improvements	588,980	39,111	-	628,091
Vehicles and equipment	728,715	109,731	106,345	732,101
Infrastructure	1,112,900	170,322	-	1,283,222
Total accumulated depreciation	2,452,359	323,310	106,345	2,669,324
Total capital assets, being depreciated, net	3,613,156	3,529,981	-	7,143,137
Capital assets, net	<b>\$ 4,147,574</b>	<b>\$ 6,956,715</b>	<b>\$ 3,669,605</b>	<b>\$ 7,434,684</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE E—CAPITAL ASSETS—Continued**

	<b>Balance December 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2016</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 600	\$ -	\$ -	\$ 600
<b>Capital assets, being depreciated:</b>				
Sewer system	3,122,515	-	-	3,122,515
Water system	2,261,480	800,000	-	3,061,480
Buildings and improvements	16,029	-	-	16,029
Total capital assets, being depreciated	5,400,024	800,000	-	6,200,024
<b>Less accumulated depreciation:</b>				
Sewer system	1,239,641	45,577	-	1,285,218
Water system	600,202	37,550	-	637,752
Buildings and improvements	16,029	-	-	16,029
Total accumulated depreciation	1,855,872	83,127	-	1,938,999
Total capital assets, being depreciated, net	3,544,152	716,873	-	4,261,025
Capital assets, net	<b>\$ 3,544,752</b>	<b>\$ 716,873</b>	<b>\$ -</b>	<b>\$ 4,261,625</b>

**Depreciation**

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$ 20,819
Public safety	22,266
Public works	191,682
Culture and recreation	16,163
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	72,380
	<b>\$ 323,310</b>

**Business-type activities:**

Sewer	\$ 45,577
Water	37,550
	<b>\$ 83,127</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE E—CAPITAL ASSETS—Continued**

	Balance December 1, 2015	Additions	Deductions	Balance November 30, 2016
<b>Component unit activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 133,071	\$ -	\$ -	\$ 133,071

**NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of November 30, 2016 is as follows:

**Interfund Transfers**

The General Fund transferred \$56,532 to the Roosevelt Road Debt Service Fund for debt service payments.

**Component Unit Transactions**

The DDA transferred \$132,000 for services provided by the City for the year ended November 30, 2016.

**NOTE G—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the City for the year ended November 30, 2016.

	Balance December 1, 2015	Additions	Reductions	Balance November 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 145,000
Discount	-	(33,606)	-	(33,606)	-
Capital leases	21,207	83,500	38,956	65,751	15,700
Compensated absences	43,566	62,035	66,239	39,362	23,000
Other postemployment benefits	202,977	163,574	41,076	325,475	-
Governmental activities long-term liabilities	<b>\$ 267,750</b>	<b>\$ 4,275,503</b>	<b>\$ 146,271</b>	<b>\$ 4,396,982</b>	<b>\$ 183,700</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 380,000	\$ -	\$ 55,000	\$ 325,000	\$ 60,000
Other postemployment benefits	22,553	13,611	-	36,164	-
Business-type activities long-term liabilities	<b>\$ 402,553</b>	<b>\$ 13,611</b>	<b>\$ 55,000</b>	<b>\$ 361,164</b>	<b>\$ 60,000</b>
<b>Component unit:</b>					
General obligation bonds	<b>\$ 610,000</b>	<b>\$ -</b>	<b>\$ 190,000</b>	<b>\$ 420,000</b>	<b>\$ 200,000</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Governmental activities:</b>			
2016 General Obligation Capital Improvement Bonds	2-3%	May 2036	\$ 4,000,000
2016 Capital Lease	3.142%	December 2019	65,751
<b>Business-type activities:</b>			
2007 General Obligation Capital Improvement Bonds	4-4.375%	April 2021	325,000
<b>Component unit:</b>			
2012 Refunding General Obligation Limited Tax Bonds	2.4%	October 2018	420,000

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The City has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The City's portion of the debt on November 30, 2016 was \$750,220. The City is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for debt outstanding as of November 30, 2016 follows:

<u>Year Ending November 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 160,700	\$ 100,379	\$ 60,000	\$ 12,325	\$ 200,000	\$ 10,080
2018	171,200	96,886	60,000	9,925	220,000	5,280
2019	176,700	93,227	65,000	7,425	-	-
2020	182,200	89,453	70,000	4,594	-	-
2021	170,000	85,563	70,000	1,531	-	-
2022-2026	900,000	375,075	-	-	-	-
2027-2031	1,045,000	264,394	-	-	-	-
2032-2036	1,259,951	97,499	-	-	-	-
	<b>\$ 4,065,751</b>	<b>\$ 1,202,476</b>	<b>\$ 325,000</b>	<b>\$ 35,800</b>	<b>\$ 420,000</b>	<b>\$ 15,360</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE H—OTHER INFORMATION**

**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 for which the government carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Fund (MMWCF), a public entity risk pool providing workers' compensation coverage to its participating members. The City pays an annual premium to MMWCF for its workers' compensation coverage. The MMWCF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**Capitalized Leases**

Included in vehicles and equipment are the following assets held under capital leases as of November 30, 2016:

<b>Governmental activities:</b>	
Vehicles and equipment	\$ 83,500
Less accumulated amortization	<u>(16,700)</u>
	<u><u>\$ 66,800</u></u>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE H—OTHER INFORMATION**

**Capitalized Leases—Continued**

Future minimum lease payments for assets under capital leases for 2017 through 2020 are as follows:

<b>Year Ending November 30,</b>	<b>Amount</b>
2017	\$ 17,749
2018	17,749
2019	17,749
2020	17,749
Total minimum lease payments	70,996
Less amount representing interest	(5,245)
Present value of net minimum lease payments	65,751
Less current maturities	(15,683)
Long-term obligation	<b>\$ 50,068</b>

**NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Defined Benefit Pension Plan**

***Plan Description***

The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued**

**Defined Benefit Pension Plan—Continued**

***Benefits Provided***

The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees hired prior to February 2013. Beginning in February 2013, the various employee divisions began to be closed. By November 2015, all employee divisions were closed except for the police union division.

Benefits provided by the Plan have a multiplier of 2.5 percent. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service or reduced early retirement at 50 with 25 years of service. Final average compensation is calculated based on 5 years.

***Employees Covered by Benefit Terms***

At December 31, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	7
Active employees	7
Total employees covered by MERS	34

***Contributions***

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City may establish contribution rates to be paid by its covered employees.

For the year ended November 30, 2016, the City contribution rate was 18.65 percent of annual covered payroll for the police union division which is open. For all other divisions, the City had an annual flat-dollar contribution to the Plan of \$128,508 in lieu of a percentage of covered payroll, as the divisions are closed to new employees. No contribution is required from employees.

***Net Pension Liability***

The City’s net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

***Actuarial Assumptions***

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent in the long-term
Investment rate of return	7.75 percent, net of administrative and investment expenses

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued**

**Defined Benefit Pension Plan—Continued**

*Actuarial Assumptions—Continued*

Although no specific price inflation assumptions are needed for the valuation, the 2.5 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009 through 2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

*Discount Rate*

The discount rate used to measure the total pension liability was 8.25 percent for 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued**

**Defined Benefit Pension Plan—Continued**

*Changes in the Net Pension Liability*

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balance at December 31, 2014	\$ 5,183,000	\$ 3,177,236	\$ 2,005,764
Changes for the year			
Service cost	57,340	-	57,340
Interest	416,204	-	416,204
Difference between expected and actual experience	(108,872)	-	(108,872)
Changes in assumptions	234,908		234,908
Contributions - employer	-	175,793	(175,793)
Net investment income	-	(46,155)	46,155
Administrative expenses	-	(6,835)	6,835
Benefit payments including refund of employee contributions	(333,547)	(333,547)	-
Net changes	266,033	(210,744)	476,777
Balance at December 31, 2015	<b>\$ 5,449,033</b>	<b>\$ 2,966,492</b>	<b>\$ 2,482,541</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 8.25 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 (7.25 percent) or 1-percentage-point higher (9.25 percent) than the current rate:

	<b>1% Decrease (7.25%)</b>	<b>Current Discount Rate (8.25%)</b>	<b>1% Increase (9.25%)</b>
City's net pension liability	\$ 3,169,533	\$ 2,482,541	\$ 1,909,804

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued**

**Defined Benefit Pension Plan—Continued**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended November 30, 2016, the City recognized pension expense of \$238,082. At November 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ -	\$ 54,436
Differences in assumptions	117,454	-
Net difference between projected and actual net investment income	264,342	-
Contributions subsequent to the measurement date*	171,505	-
Total	<b>\$ 553,301</b>	<b>\$ 54,436</b>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending November 30, 2017.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending November 30,</b>	<b>Amount</b>
2017	\$ 131,549
2018	68,531
2019	68,530
2020	58,750

***Payables to the Pension Plan***

At November 30, 2016, the City reported a payable of \$16,772 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2016.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued**

**Defined Contribution Pension Plan**

The City also maintains a defined contribution plan offered by MERS for its full-time employees hired after the defined benefit plan was closed to new participants.

Benefit terms, including contribution requirements, for the MERS defined contribution plan are established and may be amended by the City Council as determined by negotiated labor contracts. The City is required to contribute 3 percent of a qualified employees' annual compensation each year. Qualified employees are not required to contribute but may make voluntary contributions. For the year ended November 30, 2016, City contributions were \$3,456.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in City contributions and earnings on City contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended November 30, 2016, there were no forfeitures.

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS**

**Retiree Healthcare Plan**

***Plan Description***

The City has a retiree healthcare funding vehicle (Retiree Healthcare Plan) administered by the Municipal Employees Retirement System (MERS), an agent multiple-employer postemployment healthcare plan (OPEB). The Retiree Healthcare Plan is established under the authority of section 115 of the IRS code and is exempt from taxation. The Retiree Healthcare Plan provides health insurance to eligible retirees and their spouses. Act No. 149 of the Public Acts of 1999 of the State of Michigan assigns the authority to establish and amend the benefit provisions of the Retiree Healthcare Plan to the respective employer entities; that authority rests with the City. A copy of the complete financial report and required supplemental information can be obtained by writing to:

City of Roosevelt Park  
900 Oak Ridge Road  
Roosevelt Park, MI 49441

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued**

***Funding Policy***

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended November 30, 2016, the City contributed \$41,076 to the Retiree Healthcare Plan, all of which were direct payments to retirees, which is 23 percent of the annual other postemployment benefit (OPEB) cost.

***Annual OPEB Cost and Net OPEB Obligation***

The City's OPEB cost is calculated based on the annual required contribution (ARC), an actuarially-determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Retiree Healthcare Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 184,012
Interest on net OPEB obligation	11,612
Adjustment to annual required contribution	<u>(18,439)</u>
Net OPEB cost	177,185
Payments made to or on behalf of retirees	41,076
Contributions made to OPEB trust	<u>-</u>
Increase in net OPEB obligation	136,109
Net OPEB obligation at beginning of year	<u>225,530</u>
Net OPEB obligation at end of year	<u><u>\$ 361,639</u></u>

**Trend Information**

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
11/30/14	\$ 137,021	36 %	\$ 146,508
11/30/15	142,806	45	225,530
11/30/16	177,185	23	361,639

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued**

***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Retiree Healthcare Plan as understood by the employer and Retiree Healthcare Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of Retiree Healthcare Plan members not contributing to the Retiree Healthcare Plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The required contribution was determined as part of the November 2016 actuarial valuation using the entry age normal (level percent of pay) actuarial cost method. The actuarial assumptions (a) 5.15 percent investment rate of return (net of administrative expenses), (b) an annual healthcare trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 6 years. Both rates include a 5 percent inflation assumption. The OPEB Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at November 2016 is 15 years.

Prior to the November 2016 valuation, the City had been using the projected unit credit actuarial cost method. Assumptions under that method included a 6 percent investment rate of return. Additionally, the unfunded actuarial accrued liability was amortized as a level dollar of projected payroll.

***Funded Status and Progress***

As of November 2016, the most recent actuarial valuation date, the Retiree Healthcare Plan was 14 percent funded. The actuarial accrued liability for benefits was approximately \$1,550,000, and the actuarial value of assets was \$221,000, resulting in an unfunded actuarial liability (UAAL) of approximately \$1,329,000. Information on the covered payroll (annual payroll of active employees covered by the Retiree Healthcare Plan) and the ratio of the UAAL to the covered payroll was not available.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the Retiree Healthcare Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

**NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 75—*Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was issued by the GASB in June 2015 and will be effective for the City’s 2018 fiscal year. The statement requires governments that participate in postemployment benefits other than pensions (OPEB) to report in their Statement of Net Position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The net OPEB liability recorded in the Statement of Net Position on December 1, 2017 will be significant.

GASB Statement 77—*Tax Abatement Disclosures* was issued by the GASB in August 2015 and will be effective for the City’s 2017 fiscal year. This Statement requires the City to disclose the following information about tax abatement agreements entered into to foster economic growth or otherwise benefit the City or its citizens: a brief description of the arrangement including the taxes being abated, the gross dollars of the taxes abated during the period, and any additional commitments made by the City as part of the agreement.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Roosevelt Park  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended November 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,453,170	\$ 1,474,383	\$ 1,476,048	\$ 1,665
Licenses and permits	100,898	104,740	117,628	12,888
Intergovernmental revenues				
Federal	-	1,400	3,785	2,385
State	336,375	321,975	324,602	2,627
Charges for services	610,995	602,100	591,758	(10,342)
Fines and forfeitures	16,130	13,200	12,628	(572)
Investment earnings	2,270	2,570	2,709	139
Other	22,200	25,939	24,637	(1,302)
	<hr/>			
Total revenues	2,542,038	2,546,307	2,553,795	7,488
<b>EXPENDITURES</b>				
Current				
General government				
City Council	12,250	11,575	10,447	1,128
City manager	94,840	66,150	64,238	1,912
Clerk	23,800	23,270	20,190	3,080
Treasurer	73,250	71,680	68,274	3,406
Assessor	29,350	29,324	29,240	84
Attorney	41,400	39,500	32,044	7,456
Office operations	110,930	116,950	110,015	6,935
Personnel	189,200	176,508	169,584	6,924
City hall, garage and grounds	71,005	81,336	77,933	3,403
Public safety				
Police department	702,399	728,330	724,705	3,625
Fire department	223,000	223,000	222,917	83
Inspections	30,710	41,075	40,301	774
Public works				
Public service	313,120	333,310	327,303	6,007
Sidewalks	4,500	5,000	8,041	(3,041)
Sanitation	191,400	210,900	215,303	(4,403)
Culture and recreation				
Parks	37,350	56,290	57,274	(984)
Other governmental functions	19,664	19,927	19,267	660
Debt service				
Principal	21,500	21,500	21,207	293
Interest	1,500	1,500	1,050	450
	<hr/>			
Total expenditures	2,196,168	2,257,125	2,219,333	37,792
Excess of revenues over (under) expenditures	345,870	289,182	334,462	45,280
<b>OTHER FINANCING USES</b>				
Transfers out	-	(56,533)	(56,532)	1
Net change in fund balance	<u>\$ 345,870</u>	<u>\$ 232,649</u>	277,930	<u>\$ 45,281</u>
Fund balance at December 1, 2015			898,717	
Fund balance at November 30, 2016			<u>\$ 1,176,647</u>	

City of Roosevelt Park  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Major Streets Fund  
 For the year ended November 30, 2016

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental revenues - State	\$ 154,010	\$ 154,010	\$ 202,778	\$ 48,768
Investment earnings	-	-	219	219
Other	10,250	9,000	12,108	3,108
Total revenues	164,260	163,010	215,105	52,095
<b>EXPENDITURES</b>				
Current				
Public works	146,400	121,681	95,342	26,339
Net change in fund balance	<b><u>\$ 17,860</u></b>	<b><u>\$ 41,329</u></b>	119,763	<b><u>\$ 78,434</u></b>
Fund balance at December 1, 2015			<u>160,531</u>	
Fund balance at November 30, 2016			<b><u>\$ 280,294</u></b>	

City of Roosevelt Park  
Required Supplementary Information  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	<b>2015</b>	<b>2014</b>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 57,340	\$ 60,897
Interest	416,204	404,879
Differences between expected and actual experience	(108,872)	-
Changes in assumptions	234,908	-
Benefit payments, including refunds of employee contributions	(333,547)	(319,896)
Net change in total pension liability	266,033	145,880
Total pension liability at beginning of year	5,183,000	5,037,120
Total pension liability at end of year (a)	<b>\$ 5,449,033</b>	<b>\$ 5,183,000</b>
 <b>PLAN FIDUCIARY NET POSITION</b>		
Contributions-employer	\$ 175,793	\$ 174,147
Net investment income	(46,155)	195,733
Benefit payments, including refunds or employee contributions	(333,547)	(319,896)
Administrative expenses	(6,835)	(7,162)
Net change in plan fiduciary net position	(210,744)	42,822
Plan fiduciary net position at beginning of year	3,177,236	3,134,414
Plan fiduciary net position at end of year (b)	<b>\$ 2,966,492</b>	<b>\$ 3,177,236</b>
City's net pension liability at end of year (a)-(b)	<b>\$ 2,482,541</b>	<b>\$ 2,005,764</b>
Plan fiduciary net position as a percentage of the total pension liability	<b>54.44%</b>	<b>61.30%</b>
Covered employee payroll	\$ 458,203	\$ 498,792
City's net pension liability as a percentage of covered employee payroll	<b>541.80%</b>	<b>402.12%</b>

**Notes to Schedule**

Additional actuarial data is not available and will be provided in subsequent years.

City of Roosevelt Park  
Required Supplementary Information  
**PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS**  
Last Ten Fiscal Years (Amounts were determined as of November 30 of each fiscal year)

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Actuarially determined contribution	\$ 186,690	\$ 174,529	\$ 178,444	\$ 148,018	\$ 152,718	\$ 135,328	\$ 119,061	\$ 99,637	\$ 112,151	\$ 117,000
Contributions in relation to the actuarially determined contribution	186,690	174,529	178,444	148,018	152,718	135,328	119,061	99,637	112,151	117,000
Contribution deficiency (excess)	<b>\$ -</b>									
Covered employee payroll	\$ 458,203	\$ 498,792	\$ 483,433	\$ 478,580	\$ 506,249	\$ 629,711	\$ 590,239	\$ 608,648	\$ 687,600	\$ 785,016
Contributions as percentage of covered employee payroll	<b>40.7%</b>	<b>35.0%</b>	<b>36.9%</b>	<b>30.9%</b>	<b>30.2%</b>	<b>21.5%</b>	<b>20.2%</b>	<b>16.4%</b>	<b>16.3%</b>	<b>14.9%</b>

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent, net of investment and administrative expenses
Retirement age	Varies depending on plan adoption
Mortality	50 percent Female/50 percent Male RP-2014 Group Annuity Mortality Table

City of Roosevelt Park  
 Required Supplementary Information  
**SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN**  
 For the year ended November 30, 2016

*(Dollar amounts in thousands)*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
11/30/10	\$ 150	\$ 847	\$ 697	18 %	not available	not available
11/30/13	169	1,057	888	16	not available	not available
11/30/16	221	1,550	1,329	14	not available	not available

**OTHER SUPPLEMENTAL INFORMATION**

City of Roosevelt Park  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 November 30, 2016

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Funds</b>		<b>Debt Service Fund</b>
		<b>Local Streets</b>	<b>Roosevelt Park Day</b>	<b>Roosevelt Road Debt Service</b>
<b>ASSETS</b>				
Cash and investments	\$ 82,234	\$ 55,652	\$ 26,582	\$ -
Due from other governmental units	10,728	10,728	-	-
Total assets	<b>\$ 92,962</b>	<b>\$ 66,380</b>	<b>\$ 26,582</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 22	\$ 22	\$ -	\$ -
<b>FUND BALANCES</b>				
Restricted				
Streets and highways	66,358	66,358	-	-
Roosevelt Park Day	26,582	-	26,582	-
Total fund balances	92,940	66,358	26,582	-
Total liabilities and fund balances	<b>\$ 92,962</b>	<b>\$ 66,380</b>	<b>\$ 26,582</b>	<b>\$ -</b>

City of Roosevelt Park  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended November 30, 2016

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Funds</b>		<b>Debt Service Fund</b>
		<b>Local Streets</b>	<b>Roosevelt Park Day</b>	<b>Roosevelt Road Debt Service</b>
<b>REVENUES</b>				
Intergovernmental revenues - State	\$ 66,564	\$ 66,564	\$ -	\$ -
Investment earnings	69	53	16	-
Other	10,379	-	10,379	-
Total revenues	77,012	66,617	10,395	-
<b>EXPENDITURES</b>				
Current				
Public works	51,137	51,137	-	-
Culture and recreation	13,390	-	13,390	-
Debt service				
Interest and fees	56,532	-	-	56,532
Total expenditures	121,059	51,137	13,390	56,532
Excess of revenues over (under) expenditures	(44,047)	15,480	(2,995)	(56,532)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	56,532	-	-	56,532
Net change in fund balances	12,485	15,480	(2,995)	-
Fund balances at December 1, 2015	80,455	50,878	29,577	-
Fund balances at November 30, 2016	<b>\$ 92,940</b>	<b>\$ 66,358</b>	<b>\$ 26,582</b>	<b>\$ -</b>