

City of Roosevelt Park
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

November 30, 2022



City of Roosevelt Park

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Roosevelt Park
Roosevelt Park, Michigan

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Roosevelt Park, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Roosevelt Park, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Roosevelt Park, Michigan’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Roosevelt Park, Michigan’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

City Council
City of Roosevelt Park
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and other post-employment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Muskegon, Michigan
February 20, 2023

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, 2022. 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 \$15,636,625 and total liabilities/deferred inflows of resources of \$9,893,925, leaving net position of \$5,742,700.
- Of the total \$5,742,700 in net position, the City has a deficit in unrestricted net position of \$2,222,043. The deficit in unrestricted net position is caused by the City's long-term net pension and other post-employment benefits liabilities.
- Total revenues, including all program and general revenues, were \$5,125,486. Of that total, the governmental activities revenues were \$3,614,982 and business-type revenues were \$1,510,504.
- Total expenses for all of the City's programs were \$5,400,641. Of that total, the governmental activities expenses were \$3,955,502 and the business-type expenses were \$1,445,139.
- The City's General Fund reported a total fund balance of \$1,460,109 at year-end, an increase of \$273,803 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, health and welfare, community and economic development, 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 Local Streets 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, Major Streets Fund, and Local Streets Fund.

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, 2022, the City's net position from governmental activities totaled \$310,592 (5%) and \$5,432,108 (95%) from business-type activities, creating a total government-wide net position total of \$5,742,700.

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 deficit of (\$3,612,315). 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 and other post-employment benefits liabilities (OPEB).

The business-type activities show a total of \$5,432,108 in net position and \$1,390,272 in unrestricted net position. The Sewer Fund and Water Fund unrestricted net position are \$838,816 and \$527,370, respectively.

City of Roosevelt Park

Management's Discussion and Analysis

Governmental activities current assets decreased due to only a few capital purchases. Capital assets decreased because depreciation exceeded current year capital asset additions. Noncurrent liabilities decreased due to a reduction in the net pension liability from the issuance of pension bonds in the prior fiscal year.

Business-type current assets decreased due to no significant capital purchases. Capital assets decreased because depreciation exceeded current year capital asset additions. Noncurrent liabilities decreased due to a reduction in the net pension liability from the issuance of pension bonds in the prior fiscal year.

Fluctuation in deferred inflows and outflows of resources are due to differences in experience, assumptions, and investment return related to the pension and other post-employment benefits plans, which are being amortized over the average expected remaining service lives of all employees.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets and other assets	\$ 2,871,451	\$ 2,451,879	\$ 1,773,880	\$ 1,468,366	\$ 4,645,331	\$ 3,920,245
Capital assets	6,227,492	6,599,664	4,041,836	4,151,564	10,269,328	10,751,228
Total assets	9,098,943	9,051,543	5,815,716	5,619,930	14,914,659	14,671,473
Deferred outflows of resources	649,769	3,725,041	72,197	413,893	721,966	4,138,934
Total assets and deferred outflows of resources	9,748,712	12,776,584	5,887,913	6,033,823	15,636,625	18,810,407
Current liabilities	821,392	756,770	125,660	49,541	947,052	806,311
Noncurrent liabilities	7,000,662	10,457,361	150,583	489,043	7,151,245	10,946,404
Total liabilities	7,822,054	11,214,131	276,243	538,584	8,098,297	11,752,715
Deferred inflows of resources	1,616,066	935,853	179,562	103,984	1,795,628	1,039,837
Total liabilities and deferred inflows of resources	9,438,120	12,149,984	455,805	642,568	9,893,925	12,792,552
Net position						
Net investment in capital assets	3,209,958	3,414,510	4,041,836	4,151,564	7,251,794	7,566,074
Restricted	712,949	614,401	-	-	712,949	614,401
Unrestricted	(3,612,315)	(3,402,311)	1,390,272	1,239,691	(2,222,043)	(2,162,620)
Total net position	\$ 310,592	\$ 626,600	\$ 5,432,108	\$ 5,391,255	\$ 5,742,700	\$ 6,017,855

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		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 541,291	\$ 742,236	\$ 1,504,545	\$ 1,596,006	\$ 2,045,836	\$ 2,338,242
Operating grants	515,878	474,990	-	-	515,878	474,990
General revenues						
Property taxes	1,736,531	1,681,586	-	-	1,736,531	1,681,586
Franchise fees	56,251	58,772	-	-	56,251	58,772
Grants and contributions not restricted	722,805	429,206	-	-	722,805	429,206
Unrestricted investment earnings	9,963	243	5,959	145	15,922	388
Miscellaneous	32,263	14,672	-	-	32,263	14,672
Gain on disposal of capital assets	-	13,322	-	-	-	13,322
Total revenues	3,614,982	3,415,027	1,510,504	1,596,151	5,125,486	5,011,178
Expenses:						
General government	835,293	816,330	-	-	835,293	816,330
Public safety	1,577,029	1,531,910	-	-	1,577,029	1,531,910
Public works	1,191,993	1,439,316	-	-	1,191,993	1,439,316
Health and welfare	12,907	-	-	-	12,907	-
Community and economic developm	14,091	1,896	-	-	14,091	1,896
Culture and recreation	191,029	93,063	-	-	191,029	93,063
Interest on long term debt	133,160	201,725	-	-	133,160	201,725
Sewer	-	-	691,174	494,268	691,174	494,268
Water	-	-	753,965	665,895	753,965	665,895
Total expenses	3,955,502	4,084,240	1,445,139	1,160,163	5,400,641	5,244,403
Change in net assets						
before transfers	(340,520)	(669,213)	65,365	435,988	(275,155)	(233,225)
Transfers	24,512	-	(24,512)	-	-	-
Change in net position	(316,008)	(669,213)	40,853	435,988	(275,155)	(233,225)
Net position - Beginning	626,600	1,295,813	5,391,255	4,955,267	6,017,855	6,251,080
Net position - Ending	\$ 310,592	\$ 626,600	\$ 5,432,108	\$ 5,391,255	\$ 5,742,700	\$ 6,017,855

For the year ended November 30, 2022, net position decreased by \$316,008 in governmental activities and increased by \$40,853 in business-type activities, respectively. This resulted in an overall net decrease of \$275,155 in government-wide net position.

Governmental Activities

Governmental activities charges for services revenues decreased as the City contracted inspections services out to a third party and is now only recognizing the 10 percent of fees that it receives as revenue. Grants and contributions not restricted increased due to American Rescue Plan Act revenues being recognized.

Expenses for all governmental functions decreased by a total of \$128,738. Public works expenses decreased due to a change in the allocation of salaries and wages for public works employees. Similarly, culture and recreation increased due to a change in allocation of salaries and wages for public works employees. Interest on long-term debt decreased due to regularly scheduled amortization.

Business-type activities

Business-type activities revenues were similar to the prior year.

Expenses for all business-type functions increased by a total of \$284,976. Most of the change was due to changes in pension costs and a change in allocation of salaries and wages for public works employees.

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 2022 fiscal year, the City governmental funds reported a combined unassigned fund balance of \$1,314,935, 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 or is restricted for streets and highways or Roosevelt Park Day or 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 \$1,460,109, an increase of \$273,803 from fiscal year 2021. 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 46% of the General Fund's expenditures and transfers (19% 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 increased by \$79,488 and decreased by \$46,697, respectively. The result was an overall net increase in the proprietary funds of \$32,791.

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:

- Licenses and permits revenues were originally budgeted for \$126,400, amended down to \$72,509 due to changes resulting from contracting out inspection services. Correspondingly, inspections expenditures were originally budgeted for \$51,679, amended down to \$13,790.
- Intergovernmental revenues—State were originally budgeted for \$390,762, amended up to \$528,960 due to higher than expected revenue sharing.
- Personnel expenditures were originally budgeted for \$302,364, amended down to \$63,003 due to a decrease in defined benefit pension plan contributions as a result of the 2021 pension bond issuance.
- Police department expenditures were originally budgeted for \$975,431, amended down to \$908,364 to reflect actual overtime and adjustments to retirement and insurance costs.
- Debt service—principal expenditures were originally budgeted for \$170,000, amended up to \$370,000 to cover required debt service payments for the 2021 pension bonds.

Budget Variations

There were no significant variations between the final budget and actual revenues and expenditures.

Capital Assets

The City investment in capital assets for its governmental and business-type activities as of November 30, 2022 totaled \$10,269,328 (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:

- Public works equipment for \$47,108
- Land for \$53,080

CAPITAL ASSETS
(Net of Accumulated Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 344,627	\$ 291,547	\$ 600	\$ 600	\$ 345,227	\$ 292,147
Construction in progress	62,330	-	-	-	62,330	-
Land improvements	23,930	28,076	-	-	23,930	28,076
Buildings and improvements	773,425	807,364	-	-	773,425	807,364
Vehicles and equipment	327,740	342,370	-	-	327,740	342,370
Infrastructure	4,695,440	5,130,307	-	-	4,695,440	5,130,307
Sewer system	-	-	1,573,611	1,619,401	1,573,611	1,619,401
Water system	-	-	2,467,625	2,531,563	2,467,625	2,531,563
Total	\$ 6,227,492	\$ 6,599,664	\$ 4,041,836	\$ 4,151,564	\$ 10,269,328	\$ 10,751,228

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 2022 fiscal year, the City had total outstanding debt of \$6,105,421 consisting of general obligation bonds and compensated absences.

OUTSTANDING DEBT

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 6,027,534	\$ 6,395,154	\$ -	\$ -	\$ 6,027,534	\$ 6,395,154
Compensated absences	77,887	66,826	-	-	77,887	66,826
Total	\$ 6,105,421	\$ 6,461,980	\$ -	\$ -	\$ 6,105,421	\$ 6,461,980

The City’s total debt decreased by \$356,559 during the fiscal year. This decrease is a result of the normal scheduled debt service payments.

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>
2022	\$ 1,736,531 (+3.3%)	\$ 523,349 (+26.7%)
2021	1,681,586 (+ 2.3%)	413,008 (+ 12.8%)
2020	1,642,320 (+ 2.7%)	366,285 (- 0.1%)
2019	1,598,468 (+ 3.8%)	366,612 (+ 3.9%)
2018	1,540,370 (+ .9%)	352,849 (+ 2.4%)
2017	1,527,169 (+ 3.5%)	344,500 (+ 7.8%)
2016	1,476,048 (- .1%)	319,509 (+ 1.0%)
2015	1,477,660 (+ 40.7%)	316,465 (- 0.3%)
2014	1,050,439 (+ .1%)	317,374 (+ 2.1%)
2013	1,049,071	310,593

For fiscal year 2023, the City will maintain its millage rate at 16.6 mills. The additional 5 mills that were levied beginning in 2015 will continue to be used primarily to fund the debt service of the Roosevelt Road construction project. The City has also budgeted an increase state revenue sharing based on projections from the State. For the fourth year in a row, the taxable value of real property has risen and an increased tax capture within the General Fund is expected.

One major change to the General Fund operations will be the transition from fully funding all Parks and Recreation expenditures through the General Fund and move capital outlay, large projects, and major investments into the newly created Parks and Recreation Millage fund system. In November of 2022 the residents of Roosevelt Park approved a .9 millage for seven years to help fund major capital investments and renovations of the City's nine parks and open spaces.

As in the 2022 year, we continue to budget conservatively as lasting impacts of COVID continue to be felt throughout nearly all operations. While the pandemic appears to be easing, we will still see long-lasting residual effects such as historical levels of inflation. Major state and federal grants were awarded utilizing stimulus funds; however it must be recognized that these were one time funding sources and cannot be counted on for long term revenue. This funding is earmarked and will be spent through 2026.

The City continues to budget capital and maintenance funds for parks and playground improvements throughout the nine City parks and the open spaces that are currently unutilized. The City will be investing in safer equipment, more accessible recreation options, and other quality of life focused maintenance and upkeep items throughout the City's parks. Along with continued investments in current facilities, the City Council and Planning Commission continue to utilize the newly formed Roosevelt Parks Recreation and Parks Commission as a guide to new parks and community features along with following the very in-depth Roosevelt Park "Parks Re-envisioned" plan that was completed throughout 2022.

The City has budgeted over \$200,000 for local street and drainage improvements and will begin the mill and overlay projects throughout the community in 2023. As in the past, there are several grant sources that the City staff will continue to pursue in order to leverage additional street improvement funding within the upcoming year. There is also a very strong possibility that the ACT 51 funding will increase above the budgeted levels due to the continued rise in fuel prices, state sales tax collection, and the phasing in of the current state gas tax system.

Projects planned in the Water and Sewer funds include basic maintenance and system upkeep as the multiyear installation of watermain and new service lines will kick off in the beginning of the City's twenty-five-year lead and copper service line replacement schedule. With the major cost of service line and watermain replacement looming for the next several decades, a long-term investigation and planning project will be undertaken in 2023 to determine appropriate water and sewer rates in both a short term and long-term projections.

Health insurance is a focus area of the City as it works to limit cost increases. Retiree cost sharing consisting of a ten percent 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). With the rate of inflation in 2022 being nearly nine percent, city staff expects to see a similar large increase in both the hard cap limit and the overall health care renewal costs in the 2023 year.

2023 will be the first year of the City's collective bargaining agreement with the Department of Public Works who finalized a new three-year contract that began in December of 2022. The current agreement with the Police Officers Labor Council and the Police Department employees runs through the end of the 2023 fiscal year. While the current CBA is in its final year, the staffing levels within the Roosevelt Park Police Department have reversed their downward trend and now holds a roster of five full-time police officers, including a full-time road sergeant, and a full-time police chief. There is a single full-time officer opening remaining.

As of December 31, 2018, the collective bargaining units closed the defined benefit and retiree health insurance offerings for new hires. Along with the significant long-term savings of closing these programs within the collective bargaining units, the general employee unit of City has eliminated any retiree health care benefits for future hires. As the City of Roosevelt Park continues to explore ways to operate with increased efficiency, the City Council approved and issued a pension bond to help fund the current defined benefit system. With historically low interest rates, the City should see significant long-term savings with the debt issuance.

The City has adopted a defined contribution plan for both the Teamsters and POLC unions, as well as non-union new hires, in an effort to lower the long-term legacy costs for future retirees. Along with the adoption of defined contribution plans for all new hires, the City Council continues to review the pension and OPEB liabilities to ensure the long-term fiscal health of the City with focus beginning to move towards funding the outstanding OPEB obligation.

Both the OPEB and Retiree Pension funding levels have grown significantly over the last three years with strong funding and rates of returns, positive actions within the employee sector that reduced the overall liability, and the reduction of current and future retirees that will be drawing off the plans.

Overall, during this upcoming year the City Council and staff continue their goals to build strong infrastructure, update community assets, and provide the most effective and efficient services as possible.

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, or telephone (231) 755-3721.

City of Roosevelt Park
STATEMENT OF NET POSITION
November 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Current assets				
Cash and investments	\$ 2,659,129	\$ 1,379,435	\$ 4,038,564	\$ 1,436,036
Receivables	9,322	344,781	354,103	-
Due from other governmental units	158,327	-	158,327	-
Internal balances	(24,086)	24,086	-	-
Inventories	-	24,958	24,958	-
Prepaid items	68,759	620	69,379	-
Total current assets	2,871,451	1,773,880	4,645,331	1,436,036
Noncurrent assets				
Capital assets, net				
Nondepreciable	406,957	600	407,557	133,071
Depreciable	5,820,535	4,041,236	9,861,771	-
Total noncurrent assets	6,227,492	4,041,836	10,269,328	133,071
Total assets	9,098,943	5,815,716	14,914,659	1,569,107
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	73,903	8,212	82,115	-
Related to other postemployment benefits	575,866	63,985	639,851	-
Total deferred outflows of resources	649,769	72,197	721,966	-
Total assets and deferred outflows of resources	9,748,712	5,887,913	15,636,625	1,569,107
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	124,252	3,518	127,770	6,622
Due to other governmental units	37,679	122,142	159,821	-
Unearned revenues—expenditure-driven grants	199,461	-	199,461	-
Bonds and other obligations, due within one year	460,000	-	460,000	-
Total current liabilities	821,392	125,660	947,052	6,622
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	5,645,421	-	5,645,421	-
Net pension liability	495,844	55,094	550,938	-
Net other postemployment benefits liability	859,397	95,489	954,886	-
Total noncurrent liabilities	7,000,662	150,583	7,151,245	-
Total liabilities	7,822,054	276,243	8,098,297	6,622
DEFERRED INFLOWS OF RESOURCES				
Related to pension	232,404	25,822	258,226	-
Related to other postemployment benefits	1,383,662	153,740	1,537,402	-
Total deferred inflows of resources	1,616,066	179,562	1,795,628	-
Total liabilities and deferred inflows of resources	9,438,120	455,805	9,893,925	6,622
NET POSITION				
Net investment in capital assets	3,209,958	4,041,836	7,251,794	133,071
Restricted				
Streets and highways	692,009	-	692,009	-
Roosevelt Park Day	20,940	-	20,940	-
Unrestricted	(3,612,315)	1,390,272	(2,222,043)	1,429,414
Total net position	<u>\$ 310,592</u>	<u>\$ 5,432,108</u>	<u>\$ 5,742,700</u>	<u>\$ 1,562,485</u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF ACTIVITIES
For the year ended November 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-type Activities		
Primary government							
Governmental activities							
General government	\$ 835,293	\$ 8,852	\$ -	\$ (826,441)	\$ -	\$ (826,441)	\$ -
Public safety	1,577,029	18,583	661	(1,557,785)	-	(1,557,785)	-
Public works	1,191,993	507,448	490,398	(194,147)	-	(194,147)	-
Health and welfare	12,907	-	15,489	2,582	-	2,582	-
Community and economic development	14,091	-	-	(14,091)	-	(14,091)	-
Culture and recreation	191,029	6,408	9,330	(175,291)	-	(175,291)	-
Interest on long-term debt	133,160	-	-	(133,160)	-	(133,160)	-
Total governmental activities	3,955,502	541,291	515,878	(2,898,333)	-	(2,898,333)	-
Business-type activities							
Sewer	691,174	781,873	-	-	90,699	90,699	-
Water	753,965	722,672	-	-	(31,293)	(31,293)	-
Total business-type activities	1,445,139	1,504,545	-	-	59,406	59,406	-
Total primary government	\$ 5,400,641	\$ 2,045,836	\$ 515,878	(2,898,333)	59,406	(2,838,927)	-
Component unit							
Downtown Development Authority							
General government	\$ 60,458	\$ -	\$ -	-	-	-	(60,458)
Public safety	118,912	-	-	-	-	-	(118,912)
Public works	99,060	-	-	-	-	-	(99,060)
Culture and recreation	1,464	-	-	-	-	-	(1,464)
Total component unit	\$ 279,894	\$ -	\$ -	-	-	-	(279,894)
General revenues							
Property taxes				1,736,531	-	1,736,531	249,489
Franchise fees				56,251	-	56,251	-
Grants and contributions not restricted to specific programs				722,805	-	722,805	228,741
Unrestricted investment earnings				9,963	5,959	15,922	2,953
Miscellaneous				32,263	-	32,263	-
Transfers				24,512	(24,512)	-	-
Total general revenues and transfers				2,582,325	(18,553)	2,563,772	481,183
Change in net position				(316,008)	40,853	(275,155)	201,289
Net position at beginning of year				626,600	5,391,255	6,017,855	1,361,196
Net position at end of year				\$ 310,592	\$ 5,432,108	\$ 5,742,700	\$ 1,562,485

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
BALANCE SHEET
 Governmental Funds
 November 30, 2022

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,622,346	\$ 393,182	\$ 256,565	\$ 17,940	\$ 2,290,033
Accounts receivable	3,322	-	3,000	3,000	9,322
Due from other governmental units	86,678	50,975	20,674	-	158,327
Prepaid items	59,759	9,000	-	-	68,759
Total assets	\$ 1,772,105	\$ 453,157	\$ 280,239	\$ 20,940	\$ 2,526,441
LIABILITIES					
Accounts payable	\$ 29,478	\$ 5,680	\$ 22,427	\$ -	\$ 57,585
Accrued liabilities	45,238	2,187	2,093	-	49,518
Due to other governmental units	37,819	-	-	-	37,819
Unearned revenues—expenditure-driven grants	199,461	-	-	-	199,461
Total liabilities	311,996	7,867	24,520	-	344,383
FUND BALANCES					
Nonspendable - prepaid items	59,759	9,000	-	-	68,759
Restricted					
Streets and highways	-	436,290	255,719	-	692,009
Roosevelt Park Day	-	-	-	20,940	20,940
Assigned to subsequent year's budget appropriation of fund balance	85,415	-	-	-	85,415
Unassigned	1,314,935	-	-	-	1,314,935
Total fund balances	1,460,109	445,290	255,719	20,940	2,182,058
Total liabilities and fund balances	\$ 1,772,105	\$ 453,157	\$ 280,239	\$ 20,940	\$ 2,526,441

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, 2022

Total fund balance—governmental funds \$ 2,182,058

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	\$ 11,083,432	
Accumulated depreciation	<u>(5,038,077)</u>	6,045,355

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	(15,500)	
Bonds and notes payable	(6,027,534)	
Compensated absences	(77,887)	
Net pension liability and related deferred outflows/inflows of resources	(654,345)	
Other postemployment benefits and related deferred outflows/inflows of resources	<u>(1,667,193)</u>	(8,442,459)

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	549,724	
Internal balances representing the cumulative differences between actual costs and amounts charged to business-type activities	<u>(24,086)</u>	<u>525,638</u>

Net position of governmental activities		<u><u>\$ 310,592</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, 2022

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 1,736,531	\$ -	\$ -	\$ -	\$ 1,736,531
Licenses and permits	72,808	-	-	-	72,808
Intergovernmental revenues					
Federal	199,456	-	-	-	199,456
State	527,707	340,250	125,731	-	993,688
Local	15,489	-	-	-	15,489
Charges for services	506,848	-	-	-	506,848
Fines and forfeitures	7,181	-	-	-	7,181
Investment earnings	7,908	3,336	289	131	11,664
Other	32,263	15,956	5,437	15,738	69,394
Total revenues	3,106,191	359,542	131,457	15,869	3,613,059
EXPENDITURES					
Current					
General government	670,823	-	-	-	670,823
Public safety	1,155,896	-	-	-	1,155,896
Public works	272,087	233,101	146,153	-	651,341
Health and welfare	12,907	-	-	-	12,907
Community and economic development	14,091	-	-	-	14,091
Culture and recreation	168,202	-	-	20,066	188,268
Debt service					
Principal	370,000	-	-	-	370,000
Interest	128,280	-	-	-	128,280
Capital outlay	64,614	-	-	-	64,614
Total expenditures	2,856,900	233,101	146,153	20,066	3,256,220
Excess of revenues over (under) expenditures	249,291	126,441	(14,696)	(4,197)	356,839
OTHER FINANCING SOURCES (USES)					
Transfers in	24,512	-	167,429	-	191,941
Transfers out	-	(167,429)	-	-	(167,429)
Total other financing sources (uses)	24,512	(167,429)	167,429	-	24,512
Net change in fund balances	273,803	(40,988)	152,733	(4,197)	381,351
Fund balances at beginning of year	1,186,306	486,278	102,986	25,137	1,800,707
Fund balances at end of year	\$1,460,109	\$ 445,290	\$ 255,719	\$ 20,940	\$ 2,182,058

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, 2022

Net change in fund balances—total governmental funds \$ 381,351

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	\$ (512,897)	
Capital outlay	<u>126,944</u>	(385,953)

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.

Repayment of principal on long-term debt		370,000
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Change in accrual of interest and amortization of premiums and discounts		
Change in accrued interest payable	(2,500)	
Amortization of premiums and discounts	<u>(2,380)</u>	(4,880)

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	(11,061)	
Change in net pension liability and related deferred outflows/inflows of resources	(766,857)	
Change in other postemployment benefits and related deferred outflows/inflows of resources	<u>57,512</u>	(720,406)

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	51,942	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(8,062)</u>	<u>43,880</u>

Change in net position of governmental activities		<u>\$ (316,008)</u>
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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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	Fund
ASSETS				
Current assets				
Cash and investments	\$ 856,748	\$ 522,687	\$ 1,379,435	\$ 369,095
Accounts receivable	178,165	166,616	344,781	-
Inventories	-	24,958	24,958	-
Prepaid items	310	310	620	-
Total current assets	1,035,223	714,571	1,749,794	369,095
Noncurrent assets				
Capital assets				
Land	-	600	600	-
Utility systems	3,133,178	3,474,976	6,608,154	-
Vehicles and equipment	-	-	-	901,853
Less accumulated depreciation	(1,559,567)	(1,007,351)	(2,566,918)	(719,716)
Total noncurrent assets	1,573,611	2,468,225	4,041,836	182,137
Total assets	2,608,834	3,182,796	5,791,630	551,232
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	4,106	4,106	8,212	-
Related to other postemployment benefits	31,993	31,992	63,985	-
Total deferred outflows of resources	36,099	36,098	72,197	-
Total assets and deferred outflows of resources	2,644,933	3,218,894	5,863,827	551,232
LIABILITIES				
Current liabilities				
Accounts payable	151	198	349	1,461
Accrued liabilities	1,383	1,786	3,169	47
Due to other governmental units	65,900	56,242	122,142	-
Total current liabilities	67,434	58,226	125,660	1,508
Noncurrent liabilities				
Net pension liability	27,547	27,547	55,094	-
Net other postemployment benefits liability	47,744	47,745	95,489	-
Total noncurrent liabilities	75,291	75,292	150,583	-
Total liabilities	142,725	133,518	276,243	1,508
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	12,911	12,911	25,822	-
Related to other postemployment benefits	76,870	76,870	153,740	-
Total deferred inflows of resources	89,781	89,781	179,562	-
Total liabilities and deferred inflows of resources	232,506	223,299	455,805	1,508
NET POSITION				
Net investment in capital assets	1,573,611	2,468,225	4,041,836	182,137
Unrestricted	838,816	527,370	1,366,186	367,587
Total net position	\$ 2,412,427	\$ 2,995,595	5,408,022	\$ 549,724
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			24,086	
Net position of business-type activities			\$ 5,432,108	

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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
OPERATING REVENUES				
Charges for services	\$ 781,873	\$ 722,672	\$ 1,504,545	\$ 155,291
OPERATING EXPENSES				
Administration	116,045	71,193	187,238	23,294
Operations	531,516	624,719	1,156,235	54,887
Depreciation	45,790	63,938	109,728	27,091
Total operating expenses	<u>693,351</u>	<u>759,850</u>	<u>1,453,201</u>	<u>105,272</u>
Operating income (loss)	88,522	(37,178)	51,344	50,019
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>3,222</u>	<u>2,737</u>	<u>5,959</u>	<u>1,923</u>
Income (loss) before transfers	91,744	(34,441)	57,303	51,942
TRANSFERS OUT	<u>(12,256)</u>	<u>(12,256)</u>	<u>(24,512)</u>	<u>-</u>
Change in net position	79,488	(46,697)	32,791	51,942
Net position at beginning of year	<u>2,332,939</u>	<u>3,042,292</u>		<u>497,782</u>
Net position at end of year	<u>\$ 2,412,427</u>	<u>\$ 2,995,595</u>		<u>\$ 549,724</u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			<u>8,062</u>	
Change in net position of business-type activities			<u>\$ 40,853</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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 816,501	\$ 771,460	\$ 1,587,961	\$ -
Receipts from interfund services provided	-	-	-	155,401
Payments to suppliers	(532,659)	(529,207)	(1,061,866)	(66,925)
Payments to employees	(34,069)	(70,328)	(104,397)	(11,263)
Payment for interfund services used	(6,759)	(18,269)	(25,028)	-
Net cash provided by (used for) operating activities	243,014	153,656	396,670	77,213
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(12,256)	(12,256)	(24,512)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(40,872)
Net cash provided by (used for) capital and related financing activities	-	-	-	(40,872)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment earnings	3,222	2,737	5,959	1,923
Net increase (decrease) in cash and investments	233,980	144,137	378,117	38,264
Cash and investments at beginning of year	622,768	378,550	1,001,318	330,831
Cash and investments at end of year	\$ 856,748	\$ 522,687	\$ 1,379,435	\$ 369,095
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 88,522	\$ (37,178)	\$ 51,344	\$ 50,019
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	45,790	63,938	109,728	27,091
Change in assets and liabilities				
Accounts receivable	34,628	48,788	83,416	110
Inventories	-	(2,131)	(2,131)	-
Prepaid items	(310)	(310)	(620)	-
Accounts payable	125	197	322	71
Due to other governmental units	33,850	39,881	73,731	-
Accrued liabilities	40,409	40,471	80,880	(78)
Net cash provided by (used for) operating activities	\$ 243,014	\$ 153,656	\$ 396,670	\$ 77,213

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF NET POSITION
 Fiduciary Funds
 November 30, 2022

	Other Post- Employment Benefits Trust Fund	Custodial Fund Escrow Tax Trust
ASSETS		
Cash and investments	\$ 441,791	\$ 11,589
LIABILITIES		
Due to other governmental units	-	11,589
NET POSITION		
Restricted for other post-employment benefits	\$ 441,791	\$ -

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the year ended November 30, 2022

	Other Post- Employment Benefits Trust Fund	Custodial Fund Escrow Tax Trust
ADDITIONS		
Property taxes collections for other governments	\$ -	\$ 3,906,952
Employer contributions	25,569	-
Investment earnings	(68,606)	-
Total additions	(43,037)	3,906,952
DEDUCTIONS		
Payments of property taxes to other governments	-	3,906,952
Benefit payments	25,569	-
Administrative expenses	893	-
Total deductions	26,462	3,906,952
Change in net position	(69,499)	-
Net position at beginning of year	511,290	-
Net position at end of year	\$ 441,791	\$ -

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

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, 2022

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 funds:

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 Local Streets Fund accounts for money distributed by the State of Michigan for construction and maintenance of the City's local streets.

The City has only one other governmental fund, the Roosevelt Park Day Fund.

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 Other Post-Employment Benefits Trust Fund is used to report resources that are administered through irrevocable trusts for the benefit of City employees and retirees.

The Custodial Fund is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose funds.

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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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.

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 and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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).

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 Other Post-Employment Benefits Trust Fund is held in trust by the Municipal Employees' Retirement System (MERS) and is subject to the investment policies of MERS and State of Michigan statutes allowing diverse investments in stocks, corporate and government bonds, mortgages, real estate, and other investments.

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.

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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Capital Assets—Continued

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
Vehicles and equipment	5-30
Infrastructure and water and sewer systems	10-50

Defined Benefit Plan

The City offers a defined benefit pension plan to its employees through Municipal Employees Retirement System (MERS). The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the Plan’s fiduciary net position. 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’s fiduciary net position have been determined on the same basis as they are reported by 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.

Other Postemployment Benefit Costs

The City offers a defined benefit retiree healthcare benefits to retirees. The City records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan’s fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. 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 assets 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 assets 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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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.

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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

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 liened 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 2021 state taxable value for real/personal property of the City totaled approximately \$110,047,000, of which approximately \$9,030,000 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.

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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE C—DEPOSITS AND INVESTMENTS

As of November 30, 2022, the City had the following investments:

Investment Type	Fair value	Weighted Average Maturity (Days)	S&P	Percent
Money market mutual funds	\$ 1,680,106	11	AAAm	100 %
MERS investment funds	441,791	N/A	not rated	N/A
Total fair value	<u><u>\$ 2,121,897</u></u>			<u><u>100.0 %</u></u>
Portfolio weighted average maturity		<u><u>11</u></u>		

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, 2022, \$3,561,417 of the City's bank balance of \$3,811,417 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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

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:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has 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, 2022.

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

MERS investment funds: The assets are valued based upon the City's allocable share of the MERS pooled investment portfolio (Pool). The allocable shares are based on the value of the underlying assets owned by the Pool, minus their liabilities.

The assets managed by others are valued monthly by the Pool and are allocated based upon each organization's calculated share of the Pool's pooled investment portfolio. Each entity with an interest within the pooled investments received statements from the Pool indicating the additions to the investments (via contributions), withdrawals from the investments (via grants), and the investment returns allocated via a unitization process. The City calculates the fair value of its share of the pooled investment assets held by the Pool based on the estimated fair value of the underlying assets. The Pool controls the investments and makes all management and investment decisions.

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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE D—FAIR VALUE MEASUREMENTS—Continued

The following table sets forth by level, within the fair value hierarchy, the City’s assets at fair value on a recurring basis as of November 30, 2022:

	Assets at Fair Value as of November 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -	\$ 1,680,106	\$ -	\$ 1,680,106
MERS investment funds	-	441,791	-	441,791
Total assets at fair value	\$ -	\$ 2,121,897	\$ -	\$ 2,121,897

NOTE E—CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2022 was as follows:

	Balance December 1, 2021	Additions	Deductions	Balance November 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 291,547	\$ 53,080	\$ -	\$ 344,627
Construction in progress	-	62,330	-	62,330
Total capital assets, not being depreciated	291,547	115,410	-	406,957
Capital assets, being depreciated:				
Land improvements	74,716	-	-	74,716
Buildings and improvements	1,626,453	5,298	-	1,631,751
Vehicles and equipment	1,353,212	47,108	-	1,400,320
Infrastructure	8,471,541	-	-	8,471,541
Total capital assets, being depreciated	11,525,922	52,406	-	11,578,328
Less accumulated depreciation:				
Land improvements	46,640	4,146	-	50,786
Buildings and improvements	819,089	39,237	-	858,326
Vehicles and equipment	1,010,842	61,738	-	1,072,580
Infrastructure	3,341,234	434,867	-	3,776,101
Total accumulated depreciation	5,217,805	539,988	-	5,757,793
Total capital assets, being depreciated, net	6,308,117	(487,582)	-	5,820,535
Capital assets, net	\$ 6,599,664	\$ (372,172)	\$ -	\$ 6,227,492

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE E—CAPITAL ASSETS—Continued

	Balance December 1, 2021	Additions	Deductions	Balance November 30, 2022
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 600	\$ -	\$ -	\$ 600
 Capital assets, being depreciated:				
Sewer system	3,133,178	-	-	3,133,178
Water system	3,474,976	-	-	3,474,976
Total capital assets, being depreciated	6,608,154	-	-	6,608,154
 Less accumulated depreciation:				
Sewer system	1,513,777	45,790	-	1,559,567
Water system	943,413	63,938	-	1,007,351
Total accumulated depreciation	2,457,190	109,728	-	2,566,918
Total capital assets, being depreciated, net	4,150,964	(109,728)	-	4,041,236
Capital assets, net	\$ 4,151,564	\$ (109,728)	\$ -	\$ 4,041,836

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 21,329
Public safety	21,363
Public works	456,227
Culture and recreation	13,978
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	27,091
	\$ 539,988

Business-type activities:

Sewer	\$ 45,790
Water	63,938
	\$ 109,728

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE E—CAPITAL ASSETS—Continued

	Balance December 1, 2021	Additions	Deductions	Balance November 30, 2022
Component unit activities:				
Capital assets, not being depreciated:				
Land	\$ 133,071	\$ -	\$ -	\$ 133,071
	\$ 133,071	\$ -	\$ -	\$ 133,071

NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of November 30, 2022 is as follows:

Interfund Transfers

The Major Streets Fund transferred \$167,429 to the Local Streets Fund for street improvements and the Water and Sewer Fund each transferred \$12,256 to the General Fund for pension bond payments.

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, 2022:

	Balance December 1, 2021	Additions	Reductions	Balance November 30, 2022	Due Within One Year
Governmental activities:					
Public placement debt					
General obligation bonds	\$ 6,415,000	\$ -	\$ 370,000	\$ 6,045,000	\$ 415,000
Discount	(19,846)	-	(2,380)	(17,466)	-
Compensated absences	66,826	111,033	99,972	77,887	45,000
Governmental activities long-term liabilities	\$ 6,461,980	\$ 111,033	\$ 467,592	\$ 6,105,421	\$ 460,000

General obligation bonds are a direct obligation and pledge the full faith and credit of the City. If the City defaults, the bonds are callable.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE G—LONG-TERM DEBT—Continued

Summary of Changes in Long-Term Liabilities—Continued

Public placement debt and debt from direct borrowings and direct placements consist of the following:

	Interest Rate	Date of Maturity	Balance
Governmental activities:			
Public placement debt			
General obligation bonds			
2016 General Obligation Capital Improvement Bonds	2-3%	May 2036	\$ 3,035,000
2021 General Obligation Pension Bonds	0.53-2.95%	October 2040	<u>3,010,000</u>
			<u>\$6,045,000</u>

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, 2022 was approximately \$325,600. The City is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for public placement debt outstanding as of November 30, 2022 follow:

Year Ending November 30,	Governmental Activities	
	Public Placement Debt	
	Principal	Interest
2023	\$ 415,000	\$ 131,614
2024	420,000	126,672
2025	430,000	120,886
2026	435,000	113,983
2027	450,000	106,369
2028-2032	2,400,000	382,465
2033-2037	1,310,000	114,240
2038-2040	<u>185,000</u>	<u>11,063</u>
	<u>\$ 6,045,000</u>	<u>\$ 1,107,292</u>

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

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. The City manages its liability and property risk by participating in the Michigan Municipal League (MML), a public entity risk pool providing property and liability coverage to its participating members. The City pays an annual premium to MML for its insurance coverage. The MML is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. 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 carrying commercial workers' compensation insurance. 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.

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. 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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Benefits Provided

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, which was closed to new entrants in December 2018.

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 the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	8
Active employees	5
Total employees covered by MERS	<hr style="border: 0.5px solid black;"/> 34 <hr style="border: 0.5px solid black;"/>

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, 2022, the City had a flat-dollar employer contribution to the Plan of \$89,580 annually in lieu of a percentage of covered employee payroll, as the Plan is 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, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.00 percent, net of administrative and investment expenses including inflation

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

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 3.0 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014 through 2018.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.0%	4.50%	0.90%	2.50%	0.40%
Private assets	<u>20.0%</u>	9.50%	<u>1.90%</u>	2.50%	<u>1.40%</u>
Total	<u>100.0%</u>		<u>7.00%</u>		<u>4.50%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for 2021. 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. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at rates agreed upon for employees and the actuarially determined rate for employers. 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, 2022

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at January 1, 2021	\$ 7,104,994	\$ 3,954,120	\$ 3,150,874
Changes for the year			
Service cost	66,025	-	66,025
Interest	528,325	-	528,325
Difference between expected and actual experience	559,506	-	559,506
Changes in assumptions	320,500	-	320,500
Contributions - employer	-	3,412,085	(3,412,085)
Contributions - employee	-	59,201	(59,201)
Net investment income	-	609,841	(609,841)
Administrative expenses	-	(6,835)	6,835
Benefit payments including refund of employee contributions	(372,730)	(372,730)	-
Net changes	1,101,626	3,701,562	(2,599,936)
Balance at December 31, 2021	\$ 8,206,620	\$ 7,655,682	\$ 550,938

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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 1,589,605	\$ 550,938	\$ (314,221)

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

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, 2022, the City recognized pension expense of \$941,641. At November 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual net investment income	\$ -	\$ 258,226
Contributions subsequent to the measurement date*	82,115	-
Total	\$ 82,115	\$ 258,226

*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, 2023.

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

Year Ending November 30,	Amount
2023	\$ (30,698)
2024	(112,661)
2025	(76,047)
2026	(38,820)

Payables to the Pension Plan

At November 30, 2022, the City reported a payable of \$7,465 for the outstanding amount of contributions to the pension plan payable required for the year ended November 30, 2022.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

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 6 percent of a qualified employees' annual compensation each year. Qualified employees are required to contribute 3 percent to 10 percent of annual compensation depending on employee group. For the year ended November 30, 2022, City and employee contributions were \$28,151 and \$20,942, respectively.

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. Non-vested 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, 2022, 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's defined benefit OPEB Plan, the City of Roosevelt Park Retiree Health Plan (OPEB Plan), provides healthcare benefits to certain employees and their spouses upon retirement. The Plan is a single-employer defined benefit plan administered by the City Council. The benefits are provided under collective bargaining agreements and at the discretion of the City Council. The OPEB Plan does not issue a publicly available report.

Benefits Provided

The OPEB Plan provides medical insurance for retirees and their spouses who retire on or after age 55 with 20 years of service for public works employees or 10 years of service for police and non-union employees. The portion of medical insurance covered by the City varies depending on the retiree's length of service. Benefits are provided through a third party insurer. Effective December 1, 2018, the OPEB Plan is closed to new entrants.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Employees Covered by Benefit Terms

At the November 30, 2022 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	8
Total employees covered by OPEB Plan	14

Contributions

The OPEB Plan was established and is being funded under the authority of the City and under agreements with unions representing various classes of employees. The OPEB Plan’s funding policy is that the City will continue to pay benefit payments from general operating funds with no additional contributions to the OPEB Plan. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. The City participates in the MERS Retiree Health Funding Vehicle, a legally established trust under section 401(a) of the Internal Revenue Code. For the year ended November 30, 2022, the City made payments for postemployment healthcare benefits for current retirees of \$25,569. The City did not make contributions to the OPEB Plan trust.

Net OPEB Liability

The City’s net OPEB liability was measured as of November 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of November 30, 2022.

Actuarial Assumptions

The total OPEB liability in the November 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent
Investment rate of return	7.0 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare - 7.25 percent graded down to 4.5 percent over 11 years Post-Medicare - 5.5 percent graded down to 4.5 percent over 4 years

Mortality

Mortality rates were as set forth in Public General and Public Safety 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Assumptions—Continued

Investment Rate of Return

The long-term rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of November 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.0%	4.50%	0.90%	2.50%	0.40%
Private assets	20.0%	9.50%	1.90%	2.50%	1.40%
Total	100.0%		7.00%		4.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.66 percent. The projection of cash flows used to determine the discount rate assumed that the City will first use assets to pay benefits and then pay benefits on a pay-as-you-go basis. Based on this assumption, the OPEB Plan trust’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members through 2033, the crossover point. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The discount rate used to calculate the liability at the beginning of the year was 2.42 percent.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a)-(b)
Balance at December 1, 2021	\$ 2,250,840	\$ 511,290	\$ 1,739,550
Changes for the year			
Service cost	141,217	-	141,217
Interest	57,578	-	57,578
Difference between expected and actual experience	(569,697)	-	(569,697)
Changes of assumptions	(457,692)	-	(457,692)
Contributions - employer	-	25,569	(25,569)
Net investment income	-	(68,606)	68,606
Administrative expenses	-	(893)	893
Benefit payments including refund of employee contributions	(25,569)	(25,569)	-
Net changes	(854,163)	(69,499)	(784,664)
Balance at November 30, 2022	\$ 1,396,677	\$ 441,791	\$ 954,886

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.66 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.66 percent) or 1-percentage-point higher (5.66 percent) than the current rate:

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's net OPEB liability	\$ 1,137,519	\$ 954,886	\$ 803,515

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate for pre-Medicare of 7.25 percent decreasing to 4.5 percent and post-Medicare of 5.5 percent decreasing to 4.5 percent, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
City's net OPEB liability	\$ 769,928	\$ 954,886	\$ 1,177,429

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by the City. For these purposes, 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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended November 30, 2022, the City recognized OPEB expense of (\$38,333). At November 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 60	\$ 942,671
Differences in assumptions	587,594	594,731
Net difference between projected and actual net investment income	52,197	-
Total	\$ 639,851	\$ 1,537,402

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2022

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—Continued

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

Year Ending	Amount
<u>November 30,</u>	
2023	\$(200,360)
2024	(204,281)
2025	(204,645)
2026	(179,368)
2027	(108,897)

Payables to the OPEB Plan

At November 30, 2022, the City did not have a payable to the OPEB Plan.

Healthcare Savings Plan

The City also maintains a defined contribution Health Care Savings Plan (HCSP) offered by MERS. In this plan, post-employment healthcare benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers all employee divisions except for the police union division. The authority for establishing or amending the Plan’s provisions and for establishing or amending contribution requirements rests with the City Council as determined by negotiated labor contracts. The City is not required to contribute to the HCSP. Qualified employees are also required to contribute 1 percent of annual compensation.

NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the City’s 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

REQUIRED SUPPLEMENTARY INFORMATION

City of Roosevelt Park
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended November 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,739,073	\$ 1,736,634	\$ 1,736,531	\$ (103)
Licenses and permits	126,400	72,509	72,808	299
Intergovernmental revenues				
Federal	198,661	199,456	199,456	-
State	390,762	528,960	527,707	(1,253)
Local	15,500	15,489	15,489	-
Charges for services	536,910	503,047	506,848	3,801
Fines and forfeitures	6,500	7,106	7,181	75
Investment earnings	2,000	7,172	7,908	736
Other	5,000	23,360	32,263	8,903
	<hr/>			
Total revenues	3,020,806	3,093,733	3,106,191	12,458
EXPENDITURES				
Current				
General government				
City Council	26,210	13,413	12,749	664
City manager	101,926	114,327	114,681	(354)
Clerk	73,965	82,259	82,502	(243)
Treasurer	89,854	99,149	99,692	(543)
Assessor	33,740	33,831	33,831	-
Elections	12,358	14,816	14,813	3
Attorney	35,000	50,862	50,568	294
Office operations	93,987	98,642	98,535	107
Personnel	302,364	63,003	63,286	(283)
City hall, garage and grounds	100,946	100,218	100,166	52
Public safety				
Police department	975,431	908,364	917,106	(8,742)
Fire department	225,000	225,000	225,000	-
Inspections	51,679	13,790	13,790	-
Public works				
Public service	1,500	22,190	22,446	(256)
Sidewalks	13,216	9,716	9,653	63
Sanitation	239,030	239,912	239,988	(76)
Health and welfare				
Senior services	-	12,907	12,907	-
Community and economic development				
Planning	4,000	2,371	2,371	-
Economic development	9,846	11,124	11,720	(596)
Culture and recreation				
Parks	153,694	168,295	168,202	93
Debt service				
Principal	170,000	370,000	370,000	-
Interest	82,163	128,281	128,280	1
Capital outlay	25,000	64,614	64,614	-
	<hr/>			
Total expenditures	2,820,909	2,847,084	2,856,900	(9,816)
Excess of revenues over (under) expenditures	199,897	246,649	249,291	2,642
OTHER FINANCING SOURCES				
Transfers in	-	24,512	24,512	-
	<hr/>			
Net change in fund balance	<u>\$ 199,897</u>	<u>\$ 271,161</u>	273,803	<u>\$ 2,642</u>
Fund balance at beginning of year			<u>1,186,306</u>	
Fund balance at end of year			<u>\$ 1,460,109</u>	

City of Roosevelt Park
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Major Streets Fund
For the year ended November 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues - State	\$ 316,518	\$ 340,775	\$ 340,250	\$ (525)
Investment earnings	1,300	3,090	3,336	246
Other	14,000	15,956	15,956	-
Total revenues	331,818	359,821	359,542	(279)
EXPENDITURES				
Current				
Public works	219,175	227,850	233,101	(5,251)
Excess of revenues over (under) expenditures	112,643	131,971	126,441	(5,530)
OTHER FINANCING USES				
Transfers out	(155,474)	(167,429)	(167,429)	-
Net change in fund balance	<u>\$ (42,831)</u>	<u>\$ (35,458)</u>	(40,988)	<u>\$ (5,530)</u>
Fund balance at beginning of year			<u>486,278</u>	
Fund balance at end of year			<u>\$ 445,290</u>	

City of Roosevelt Park
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Local Streets Fund
For the year ended November 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues - State	\$ 105,722	\$ 127,241	\$ 125,731	\$ (1,510)
Investment earnings	200	262	289	27
Other	500	2,437	5,437	3,000
Total revenues	106,422	129,940	131,457	1,517
EXPENDITURES				
Current				
Public works	281,725	147,735	146,153	1,582
Excess of revenues over (under) expenditures	(175,303)	(17,795)	(14,696)	3,099
OTHER FINANCING SOURCES				
Transfers in	155,474	167,429	167,429	-
Net change in fund balance	<u>\$ (19,829)</u>	<u>\$ 149,634</u>	152,733	<u>\$ 3,099</u>
Fund balance at beginning of year			<u>102,986</u>	
Fund balance at end of year			<u>\$ 255,719</u>	

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)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY								
Service cost	\$ 66,025	\$ 52,056	\$ 52,455	\$ 54,223	\$ 49,381	\$ 48,638	\$ 57,340	\$ 60,897
Interest	528,325	503,905	485,987	458,340	434,958	424,094	416,204	404,879
Differences between expected and actual experience	559,506	(90,847)	132,603	191,017	157,090	9,314	(108,872)	-
Changes in assumptions	320,500	218,348	247,386	-	-	-	234,908	-
Benefit payments, including refunds of employee contributions	(372,730)	(365,550)	(359,918)	(354,285)	(348,872)	(344,362)	(333,547)	(319,896)
Net change in total pension liability	1,101,626	317,912	558,513	349,295	292,557	137,684	266,033	145,880
Total pension liability at beginning of year	7,104,994	6,787,082	6,228,569	5,879,274	5,586,717	5,449,033	5,183,000	5,037,120
Total pension liability at end of year (a)	\$ 8,206,620	\$ 7,104,994	\$ 6,787,082	\$ 6,228,569	\$ 5,879,274	\$ 5,586,717	\$ 5,449,033	\$ 5,183,000
PLAN FIDUCIARY NET POSITION								
Contributions-employer	\$ 3,412,085	\$ 275,030	\$ 276,391	\$ 238,511	\$ 307,065	\$ 187,717	\$ 175,793	\$ 174,147
Contributions-employee	59,201	-	-	-	-	-	-	-
Net investment income	609,841	455,736	439,254	(134,326)	418,373	331,550	(46,155)	195,733
Benefit payments, including refunds of employee contributions	(372,730)	(365,550)	(359,918)	(354,285)	(348,872)	(344,362)	(333,547)	(319,896)
Administrative expenses	(6,835)	(7,207)	(7,569)	(6,732)	(6,629)	(6,549)	(6,835)	(7,162)
Net change in plan fiduciary net position	3,701,562	358,009	348,158	(256,832)	369,937	168,356	(210,744)	42,822
Plan fiduciary net position at beginning of year	3,954,120	3,596,111	3,247,953	3,504,785	3,134,848	2,966,492	3,177,236	3,134,414
Plan fiduciary net position at end of year (b)	\$ 7,655,682	\$ 3,954,120	\$ 3,596,111	\$ 3,247,953	\$ 3,504,785	\$ 3,134,848	\$ 2,966,492	\$ 3,177,236
City's net pension liability at end of year (a)-(b)	\$ 550,938	\$ 3,150,874	\$ 3,190,971	\$ 2,980,616	\$ 2,374,489	\$ 2,451,869	\$ 2,482,541	\$ 2,005,764
Plan fiduciary net position as a percentage of the total pension liability	93.29%	55.65%	52.98%	52.15%	59.61%	56.11%	54.44%	61.30%
Covered employee payroll	\$ 538,705	\$ 440,530	\$ 452,164	\$ 462,347	\$ 421,031	\$ 407,977	\$ 458,203	\$ 498,792
City's net pension liability as a percentage of covered employee payroll	102.27%	715.25%	705.71%	644.67%	563.97%	600.98%	541.80%	402.12%

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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 89,580	\$ 331,548	\$ 269,892	\$ 239,888	\$ 237,568	\$ 203,232	\$ 186,690	\$ 174,529	\$ 178,444	\$ 148,018
Contributions in relation to the actuarially determined contribution	89,580	3,432,249	269,892	274,888	237,568	303,232	186,690	174,529	178,444	148,018
Contribution deficiency (excess)	\$ -	\$(3,100,701)	\$ -	\$(35,000)	\$ -	\$(100,000)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 538,705	\$ 440,530	\$ 452,164	\$ 462,347	\$ 421,031	\$ 407,977	\$ 458,203	\$ 498,792	\$ 483,433	\$ 478,580
Contributions as percentage of covered employee payroll	16.6%	779.1%	59.7%	59.5%	56.4%	74.3%	40.7%	35.0%	36.9%	30.9%

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 normal
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.00 percent, net of investment and administrative expenses
Retirement age	50-60 years of age depending on years of service
Mortality	Based on a version of Pub-2010 and fully generational MP-2019

City of Roosevelt Park
Required Supplementary Information
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (Amounts were determined as of November 30 of each fiscal year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 141,217	\$ 130,453	\$ 144,659	\$ 172,672	\$ 76,801
Interest	57,578	60,583	87,194	78,403	87,243
Differences between expected and actual experience	(569,697)	88	(549,707)	(196)	(384,585)
Changes of assumptions	(457,692)	31,590	253,058	(411,677)	945,730
Benefit payments, including refunds of employee contributions	(25,569)	(25,691)	(26,682)	(36,340)	(46,018)
Net change in total OPEB liability	(854,163)	197,023	(91,478)	(197,138)	679,171
Total OPEB liability at beginning of year	2,250,840	2,053,817	2,145,295	2,342,433	1,663,262
Total OPEB liability at end of year (a)	\$ 1,396,677	\$ 2,250,840	\$ 2,053,817	\$ 2,145,295	\$ 2,342,433
PLAN FIDUCIARY NET POSITION					
Contributions-employer	\$ 25,569	\$ 25,691	\$ 26,682	\$ 48,340	\$ 46,018
Net investment income	(68,606)	93,058	28,478	9,557	18,710
Benefit payments, including refunds or employee contributions	(25,569)	(25,691)	(26,682)	(36,340)	(46,018)
Administrative expense	(893)	(866)	(720)	(725)	(878)
Net change in plan fiduciary net position	(69,499)	92,192	27,758	20,832	17,832
Plan fiduciary net position at beginning of year	511,290	419,098	391,340	370,508	352,677
Plan fiduciary net position at end of year (b)	\$ 441,791	\$ 511,290	\$ 419,098	\$ 391,340	\$ 370,509
City's net OPEB liability at end of year (a)-(b)	\$ 954,886	\$ 1,739,550	\$ 1,634,719	\$ 1,753,955	\$ 1,971,924
Plan fiduciary net position as a percentage of the total OPEB liability	31.63%	22.72%	20.41%	18.24%	15.82%
Covered employee payroll	\$ 487,759	\$ 730,393	\$ 630,309	\$ 573,247	\$ 580,548
City's net OPEB liability as a percentage of covered employee payroll	195.77%	238.17%	259.35%	305.97%	339.67%

Notes to Schedule

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 313,398	\$ 285,748	\$ 314,386	\$ 344,953	\$ 202,978	\$ 214,085	\$ 184,012	\$ 148,428	\$ 137,982	\$ 117,085
Contributions in relation to the actuarially determined contribution	25,569	25,691	26,682	48,340	46,018	147,144	41,076	63,784	49,506	45,793
Contribution deficiency (excess)	\$ 287,829	\$ 260,057	\$ 287,704	\$ 296,613	\$ 156,960	\$ 66,941	\$ 142,936	\$ 84,644	\$ 88,476	\$ 71,292
Covered employee payroll	\$ 487,759	\$ 730,393	\$ 630,309	\$ 573,247	\$ 580,584	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions as percentage of covered employee payroll	5.2%	3.5%	4.2%	8.4%	7.9%	Not Available	Not Available	Not Available	Not Available	Not Available

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of November 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	12 years
Asset valuation method	Equal to market value of assets
Inflation	2.5 percent
Salary increases	3.0 percent
Investment rate of return	7.0 percent (including inflation), net of administrative and investment expenses
Retirement age	55 years of age
Mortality	Mortality rates were as set forth in 2010 Public General and Public Safety Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale.

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

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-13.43%	22.23%	7.28%	2.54%	5.31%

Notes to Schedule

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