

City of Roosevelt Park  
Muskegon County, Michigan

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

Year ended November 30, 2014



City of Roosevelt Park

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# BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

March 26, 2015

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roosevelt Park, Michigan, as of and for the year ended November 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

City Council  
March 26, 2015  
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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Roosevelt Park, Michigan, as of November 30, 2014, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 12 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Roosevelt Park, Michigan’s basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Muskegon, Michigan

As management of the City of Roosevelt Park, we present to the readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended November 30, 2014. 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 of Roosevelt Park had total assets of \$11,459,078 and total liabilities of \$998,642 leaving net position of \$10,460,436, a decrease of 2.6% in the City's overall net position.
- Of the total \$10,460,436 in net position, the City may use \$2,937,591 (unrestricted net position) to meet the ongoing obligations to citizens and creditors.
- Total revenues, including all program and general revenues, were \$4,081,397. Of that total, the governmental revenues were \$2,521,911 and business-type revenues were \$1,559,486.
- Total expenses for all of the City's programs were \$4,358,657. Of that total, the governmental expenses were \$2,733,019 and the business-type expenses were \$1,625,638.
- The City's General Fund reported a total fund balance of \$725,254 at year-end, an increase of \$25,702 over the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

### Notes to Financial Statements

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

### Other Information

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

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

### Government-wide Financial Analysis

The first table presented on the next page is a summary of the government-wide statement of net position for the City. As stated earlier, the net position may be used as an indicator of a government's financial health. As of November 30, 2014, the City's net position from governmental activities totaled \$5,068,622 (48%) and \$5,391,814 (52%) from business-type activities, creating a total government-wide net position total of \$10,460,436. This is a decrease of \$277,260 or 2.6% over 2013's totals.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., streets, buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the City's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for government-type activities actually depicts a balance of \$743,657. This represents the amount of discretionary cash or investments that can be used for general governmental operations. The 2014 unrestricted net position total is a decrease of \$13,734 from 2013.

The business-type activities show a total of \$5,391,814 in net position and \$2,193,934 in unrestricted net position. The Sewer Fund and Water Fund unrestricted net position are \$665,970 (\$719,289 in 2013) and \$1,525,477 (\$1,506,502 in 2013), respectively. Unrestricted net position in the Sewer and Water funds decreased by 7% and increased by 1% from the previous year, respectively.

The increase in current assets and other assets for governmental activities occurred as the City had higher payables at year-end due to some late bills from vendors as well as additional receivables from the State of Michigan for roads. Capital assets decreased as depreciation exceeded capital additions.

Business-type capital assets decreased as depreciation exceeded capital additions. Noncurrent liabilities decreased due to scheduled debt payments. There were also no capital additions in the current year.

**Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets and other assets	\$ 1,337,485	\$ 1,192,015	\$ 2,329,885	\$ 2,288,322	\$ 3,667,370	\$ 3,480,337
Capital assets	4,163,828	4,409,164	3,627,880	3,711,060	7,791,708	8,120,224
Total assets	5,501,313	5,601,179	5,957,765	5,999,382	11,459,078	11,600,561
Current liabilities	245,898	197,191	185,951	111,416	431,849	308,607
Noncurrent liabilities	186,793	124,258	380,000	430,000	566,793	554,258
Total liabilities	432,691	321,449	565,951	541,416	998,642	862,865
Net position						
Net investment in capital assets	4,114,533	4,332,733	3,197,880	3,231,060	7,312,413	7,563,793
Restricted	210,432	189,606	-	-	210,432	189,606
Unrestricted	743,657	757,391	2,193,934	2,226,906	2,937,591	2,984,297
Total net position	\$ 5,068,622	\$ 5,279,730	\$ 5,391,814	\$ 5,457,966	\$ 10,460,436	\$ 10,737,696

# City of Roosevelt Park

## Management's Discussion and Analysis

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

### Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 736,481	\$ 720,684	\$ 1,558,409	\$ 1,596,051	\$ 2,294,890	\$ 2,316,735
Operating grants	282,764	243,691	-	-	282,764	243,691
Capital grants and contributions	19,650	142,626	-	-	19,650	142,626
General revenues						
Property taxes	1,050,439	1,049,071	-	-	1,050,439	1,049,071
Franchise fees	58,146	56,317	-	-	58,146	56,317
Grants and contributions not restricted	332,531	310,593	-	-	332,531	310,593
Unrestricted investment earnings	1,778	3,082	1,077	1,010	2,855	4,092
Miscellaneous	27,912	16,176	-	-	27,912	16,176
Gain on disposal of capital assets	12,210	16,311	-	-	12,210	16,311
<b>Total revenues</b>	<b>2,521,911</b>	<b>2,558,551</b>	<b>1,559,486</b>	<b>1,597,061</b>	<b>4,081,397</b>	<b>4,155,612</b>
<b>Expenses:</b>						
General government	556,104	551,803	-	-	556,104	551,803
Public safety	1,075,329	1,101,505	-	-	1,075,329	1,101,505
Public works	1,031,915	972,338	-	-	1,031,915	972,338
Culture and recreation	66,668	78,641	-	-	66,668	78,641
Interest on long term debt	3,003	-	-	-	3,003	-
Sewer	-	-	920,634	928,806	920,634	928,806
Water	-	-	705,004	638,937	705,004	638,937
<b>Total expenses</b>	<b>2,733,019</b>	<b>2,704,287</b>	<b>1,625,638</b>	<b>1,567,743</b>	<b>4,358,657</b>	<b>4,272,030</b>
<b>Change in net position</b>	<b>(211,108)</b>	<b>(145,736)</b>	<b>(66,152)</b>	<b>29,318</b>	<b>(277,260)</b>	<b>(116,418)</b>
Net position - Beginning, as restated	5,279,730	5,425,466	5,457,966	5,428,648	10,737,696	10,854,114
<b>Net position - Ending</b>	<b>\$ 5,068,622</b>	<b>\$ 5,279,730</b>	<b>\$ 5,391,814</b>	<b>\$ 5,457,966</b>	<b>\$ 10,460,436</b>	<b>\$ 10,737,696</b>

For the year ended November 30, 2014, net position decreased by \$211,108 in governmental activities and decreased by \$66,152 in business-type activities. This resulted in a decrease of \$277,260 government-wide.

### **Governmental Activities**

For governmental activities overall revenue decreased by \$36,640 from 2013. Most of this decrease came from capital grants as there were fewer grant-funded projects scheduled in 2014. This decrease was partially offset by small increases in other areas.

Expenses for all governmental functions increased by a total of \$28,732 in 2014. Most of the increase occurred in public works expenses due to additional winter maintenance costs.

### **Business-type activities**

In 2014, water expenses increased due to work on fire hydrants and additional water purchases.

### **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 2014 fiscal year, the City governmental funds reported a combined unassigned fund balance of \$722,852, 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.

The General Fund is the chief operating fund of the City. The General Fund ended the year with a fund balance of \$725,254, an increase of \$25,702 from fiscal year 2013. 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 33% of the General Fund's expenditures and transfers in 2013 (27% in the prior year).

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Sewer Fund and Water Fund decreased by \$78,396 and increased by \$10,872, respectively. The result was an overall net decrease in the proprietary funds of \$67,524.

### 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:

- Charges for services revenues were originally budgeted for \$586,502 and were amended up to \$640,046 because of additional labor usage charged to other funds, especially for snow plowing.
- Clerk expenditures were originally budgeted for \$60,620 and were amended down to \$19,508 and office operations were originally budgeted for \$69,220 and were amended up to \$102,450 as the City changed the allocation of an employee between the two departments.
- Police department expenditures were originally budgeted for \$712,919 and were amended up to \$765,266 due to higher than expected overtime and smaller increases in other areas.
- Public service expenditures were originally budgeted for \$348,633 and were amended up to \$387,333 due to higher than expected costs for winter maintenance resulting from a severe winter.

### Budget Variations

The following comments summarize some of the major variations from the final budget to actual revenues and expenditures.

- Property taxes revenues were \$21,901 less than budgeted due to lower than expected taxable values.
- State intergovernmental revenues were \$28,232 more than budgeted due to an unbudgeted park improvement grant.
- Personnel expenditures were \$56,004 less than budgeted as the City opted not to make a contribution to the Retiree Healthcare Trust as it originally budgeted.

### Capital Assets

The City investment in capital assets for its governmental and business-type activities as of November 30, 2014 totaled \$7,791,708 (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:

- Park improvements and bleachers for \$18,600.
- A new 51 inch snow blower was purchased for \$11,940.
- \$14,759 in preliminary engineering was performed for future improvements on Roosevelt Road.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 295,147	\$ 295,147	\$ 600	\$ 600	\$ 295,747	\$ 295,747
Construction in progress	14,759	-	-	-	14,759	-
Land improvements	57,098	61,244	-	-	57,098	61,244
Buildings and improvements	1,014,572	1,053,683	-	-	1,014,572	1,053,683
Vehicles and equipment	443,903	496,492	-	-	443,903	496,492
Infrastructure	2,338,349	2,502,598	-	-	2,338,349	2,502,598
Sewer system	-	-	1,928,451	1,974,028	1,928,451	1,974,028
Water system	-	-	1,698,829	1,736,432	1,698,829	1,736,432
<b>Total</b>	<b>\$ 4,163,828</b>	<b>\$ 4,409,164</b>	<b>\$ 3,627,880</b>	<b>\$ 3,711,060</b>	<b>\$ 7,791,708</b>	<b>\$ 8,120,224</b>

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

**Long-term Debt**

At the end of the 2014 fiscal year, the City had total outstanding debt of \$665,881 consisting of installment purchase agreements, capital leases, compensated absences, general obligation bonds, and other postemployment benefits. The \$430,000 in the business-type activities is backed by the full-faith and credit of the City. The payment of these bonds is through the revenues generated from the Water and Sewer funds.

**OUTSTANDING DEBT**

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Installment purchase agreements	\$ 7,881	\$ 15,763	\$ -	\$ -	\$ 7,881	\$ 15,763
Capital leases	41,414	60,668	-	-	41,414	60,668
Compensated absences	40,078	44,973	-	-	40,078	44,973
General obligation bonds	-	-	430,000	480,000	430,000	480,000
Other postemployment benefits	146,508	58,993	-	-	146,508	58,993
<b>Total</b>	<b>\$ 235,881</b>	<b>\$ 180,397</b>	<b>\$ 430,000</b>	<b>\$ 480,000</b>	<b>\$ 665,881</b>	<b>\$ 660,397</b>

The City’s total debt increased by \$5,484 as the City did not fully fund its annual required contribution for its other postemployment benefits and therefore recorded a liability.

In addition to the City’s debt, the City’s DDA component unit had outstanding debt of \$790,000 for the Broadway streetscape project. This debt is secured by the limited full faith and credit of the City and is an important consideration in assessing the City’s overall fiscal health.

Additional information on the City's long-term debt can be found in Note F 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 our greatest on-going challenge.

<u>YEAR</u>	<u>TOTAL PROPERTY TAXES</u> <u>(percentage change)</u>	<u>STATE SHARED REVENUE</u> <u>(percentage change)</u>
2014	\$ 1,050,439 (+.1%)	\$ 317,374 (+2.1%)
2013	\$ 1,049,071 (-4.3%)	\$ 310,593 (+1.7%)
2012	\$ 1,096,674 (-2.8%)	\$ 305,343 (+5.4%)
2011	\$ 1,128,474 (-5.0%)	\$ 289,666 (+1.9%)
2010	\$ 1,187,913 (-3.5%)	\$ 284,299 (-4.9%)
2009	\$ 1,228,949 (-.05%)	\$ 298,156 (-10.3%)
2008	\$ 1,235,103 (+3.0%)	\$ 332,569 (-4.4%)
2007	\$ 1,199,484 (+3.0%)	\$ 347,843 (-1.5%)
2006	\$ 1,164,564 (+4.6%)	\$ 353,077 (-1.2%)
2005	\$ 1,113,254	\$ 357,274

For fiscal year 2015, the City has increased its operating millage rate by five mills and correspondingly budgeted an increase in property tax revenue. The City has also budgeted a slight increase in revenue sharing expected from the State. No other significant changes are expected in General Fund revenues.

With the increase in property tax revenue, the City is in a position to begin the improvements to its aging infrastructure. Engineering is underway for the Roosevelt Road reconstruction project that is scheduled for 2016. The City will make a determination on any additional infrastructure projects based on necessity and available funding.

The City has budgeted funds in 2015 for the final payment on the BS&A upgrade. The City also has budgeted for the police cruiser capital purchase lease agreement payment and \$10,300 for equipment upgrades for the police department. No other capital projects are expected in the General Fund in fiscal 2015.

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

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

The engineering costs for the Roosevelt Road reconstruction project will impact the Major Street Fund in 2015. Funds will be transferred to the Major Streets Fund from the General Fund to cover the cost. No significant projects are planned in the Water Fund except the replacement of a few water main valves. Sewer Fund expenditures will include the continuation of the city-wide sanitary sewer system cleaning with funding budgeted in the amount of \$25,000.

### **Requests for Information**

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

City of Roosevelt Park  
**STATEMENT OF NET POSITION**  
November 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 1,191,979	\$ 1,906,167	\$ 3,098,146	\$ 86,361
Receivables	2,773	384,311	387,084	-
Due from other governmental units	142,818	-	142,818	-
Internal balances	(2,487)	2,487	-	-
Inventories	-	36,920	36,920	-
Prepaid items	2,402	-	2,402	-
Total current assets	1,337,485	2,329,885	3,667,370	86,361
Noncurrent assets				
Capital assets, net				
Nondepreciable	309,906	600	310,506	133,071
Depreciable	3,853,922	3,627,280	7,481,202	-
Total noncurrent assets	4,163,828	3,627,880	7,791,708	133,071
Total assets	5,501,313	5,957,765	11,459,078	219,432
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	196,196	985	197,181	5,073
Due to other governmental units	614	134,966	135,580	-
Bonds and other obligations, due within one year	49,088	50,000	99,088	180,000
Total current liabilities	245,898	185,951	431,849	185,073
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	186,793	380,000	566,793	610,000
Total liabilities	432,691	565,951	998,642	795,073
<b>NET POSITION</b>				
Net investment in capital assets	4,114,533	3,197,880	7,312,413	133,071
Restricted				
Streets and highways	180,727	-	180,727	-
Roosevelt Park Day	29,705	-	29,705	-
Unrestricted	743,657	2,193,934	2,937,591	(708,712)
Total net position	<b>\$ 5,068,622</b>	<b>\$ 5,391,814</b>	<b>\$ 10,460,436</b>	<b>\$ (575,641)</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF ACTIVITIES**  
For the year ended November 30, 2014

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 556,104	\$ 38,600	\$ -	\$ -	\$ (517,504)	\$ -	\$ (517,504)	\$ -
Public safety	1,075,329	159,618	7,958	-	(907,753)	-	(907,753)	-
Public works	1,031,915	532,831	269,506	-	(229,578)	-	(229,578)	-
Culture and recreation	66,668	5,432	5,300	19,650	(36,286)	-	(36,286)	-
Interest on long-term debt	3,003	-	-	-	(3,003)	-	(3,003)	-
Total governmental activities	2,733,019	736,481	282,764	19,650	(1,694,124)	-	(1,694,124)	-
Business-type activities								
Sewer	920,634	842,266	-	-	-	(78,368)	(78,368)	-
Water	705,004	716,143	-	-	-	11,139	11,139	-
Total business-type activities	1,625,638	1,558,409	-	-	-	(67,229)	(67,229)	-
Total primary government	<b>\$ 4,358,657</b>	<b>\$ 2,294,890</b>	<b>\$ 282,764</b>	<b>\$ 19,650</b>	(1,694,124)	(67,229)	(1,761,353)	-
Component unit								
Downtown Development Authority								
General government	\$ 32,000	\$ -	\$ -	\$ -	-	-	-	(32,000)
Public safety	80,000	-	-	-	-	-	-	(80,000)
Public works	32,595	-	-	-	-	-	-	(32,595)
Interest on long-term debt	22,190	-	-	-	-	-	-	(22,190)
Total component unit	<b>\$ 166,785</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	-	-	-	(166,785)
General revenues								
Property taxes					1,050,439	-	1,050,439	392,627
Franchise fees					58,146	-	58,146	-
Grants and contributions not restricted to specific programs					332,531	-	332,531	-
Unrestricted investment earnings					1,778	1,077	2,855	600
Miscellaneous					27,912	-	27,912	-
Gain on disposal of capital assets					12,210	-	12,210	-
Total general revenues					1,483,016	1,077	1,484,093	393,227
Change in net position					(211,108)	(66,152)	(277,260)	226,442
Net position at December 1, 2013, as restated					5,279,730	5,457,966	10,737,696	(802,083)
Net position at November 30, 2014					<b>\$ 5,068,622</b>	<b>\$ 5,391,814</b>	<b>\$ 10,460,436</b>	<b>\$ (575,641)</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**BALANCE SHEET**  
 Governmental Funds  
 November 30, 2014

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 800,552	\$ 182,010	\$ 982,562
Accounts receivable	2,773	-	2,773
Due from other governmental units	93,076	49,742	142,818
Prepaid items	2,402	-	2,402
Total assets	<b>\$ 898,803</b>	<b>\$ 231,752</b>	<b>\$ 1,130,555</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 172,163	\$ 21,320	\$ 193,483
Accrued liabilities	772	-	772
Due to other governmental units	614	-	614
Total liabilities	173,549	21,320	194,869
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - long-term receivables	-	15,157	15,157
<b>FUND BALANCES</b>			
Nonspendable - prepaid items	2,402	-	2,402
Restricted			
Streets and highways	-	165,570	165,570
Roosevelt Park Day	-	29,705	29,705
Unassigned	722,852	-	722,852
Total fund balances	725,254	195,275	920,529
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 898,803</b>	<b>\$ 231,752</b>	<b>\$ 1,130,555</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 November 30, 2014

Total fund balance—governmental funds		\$	920,529
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		\$ 5,667,087	
Accumulated depreciation		<u>(1,705,040)</u>	3,962,047
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.			
			15,157
Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds and notes payable		(49,295)	
Compensated absences		(40,078)	
Other postemployment benefits		<u>(146,508)</u>	(235,881)
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		409,257	
Internal balances representing the cumulative differences between actual costs and amounts charged to business-type activities		<u>(2,487)</u>	<u>406,770</u>
Net position of governmental activities			<u><u>\$ 5,068,622</u></u>

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, 2014

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 1,050,439	\$ -	\$ 1,050,439
Licenses and permits	126,549	-	126,549
Intergovernmental revenues			
Federal	20,076	-	20,076
State	342,032	245,759	587,791
Charges for services	633,934	-	633,934
Fines and forfeitures	14,341	-	14,341
Investment earnings	1,717	47	1,764
Other	38,809	20,796	59,605
Total revenues	<u>2,227,897</u>	<u>266,602</u>	<u>2,494,499</u>
<b>EXPENDITURES</b>			
Current			
General government	491,514	-	491,514
Public safety	1,001,776	-	1,001,776
Public works	597,540	250,824	848,364
Culture and recreation	43,101	10,109	53,210
Other governmental functions	24,735	-	24,735
Debt service			
Principal	27,136	-	27,136
Interest	3,003	-	3,003
Capital outlay	18,600	-	18,600
Total expenditures	<u>2,207,405</u>	<u>260,933</u>	<u>2,468,338</u>
Excess of revenues over (under) expenditures	20,492	5,669	26,161
<b>OTHER FINANCING SOURCES</b>			
Proceeds from sale of capital assets	5,210	-	5,210
Net change in fund balances	25,702	5,669	31,371
Fund balances at December 1, 2013, as restated	699,552	189,606	889,158
Fund balances at November 30, 2014	<u><u>\$ 725,254</u></u>	<u><u>\$ 195,275</u></u>	<u><u>\$ 920,529</u></u>

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, 2014

Net change in fund balances—total governmental funds \$ 31,371

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	\$ (252,616)	
Capital outlay	<u>33,359</u>	(219,257)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		15,157
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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		27,136
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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 other postemployment benefits	(87,515)	
Change in compensated absences	<u>4,895</u>	(82,620)

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	18,477	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(1,372)</u>	<u>17,105</u>

Change in net position of governmental activities		<u><u>\$ (211,108)</u></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, 2014

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 539,854	\$ 1,366,313	\$ 1,906,167	\$ 209,417
Accounts receivable	211,028	173,283	384,311	-
Inventories	3,622	33,298	36,920	-
Total current assets	754,504	1,572,894	2,327,398	209,417
Noncurrent assets				
Capital assets				
Land	-	600	600	-
Utility systems	3,122,515	2,261,480	5,383,995	-
Buildings and improvements	-	16,029	16,029	-
Vehicles and equipment	-	-	-	651,160
Less accumulated depreciation	(1,194,064)	(578,680)	(1,772,744)	(449,379)
Total noncurrent assets	1,928,451	1,699,429	3,627,880	201,781
Total assets	2,682,955	3,272,323	5,955,278	411,198
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	355	630	985	1,941
Due to other governmental units	88,179	46,787	134,966	-
Bonds and other obligations, due within one year	20,500	29,500	50,000	-
Total current liabilities	109,034	76,917	185,951	1,941
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	155,000	225,000	380,000	-
Total liabilities	264,034	301,917	565,951	1,941
<b>NET POSITION</b>				
Net investment in capital assets	1,752,951	1,444,929	3,197,880	201,781
Unrestricted	665,970	1,525,477	2,191,447	207,476
Total net position	<b>\$ 2,418,921</b>	<b>\$ 2,970,406</b>	5,389,327	<b>\$ 409,257</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			2,487	
Net position of business-type activities			<b>\$ 5,391,814</b>	

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
 Proprietary Funds  
 For the year ended November 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	<b>Fund</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 842,266	\$ 715,965	\$ 1,558,231	\$ 133,533
<b>OPERATING EXPENSES</b>				
Administration	126,387	107,536	233,923	20,030
Operations	741,334	549,848	1,291,182	64,052
Depreciation	45,577	37,603	83,180	38,019
Total operating expenses	913,298	694,987	1,608,285	122,101
Operating income (loss)	(71,032)	20,978	(50,054)	11,432
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	313	764	1,077	45
Connection fees	-	178	178	-
Gain on sale of capital assets	-	-	-	7,000
Interest expense	(7,677)	(11,048)	(18,725)	-
Total nonoperating revenues (expenses)	(7,364)	(10,106)	(17,470)	7,045
Change in net position	(78,396)	10,872	(67,524)	18,477
Net position at December 1, 2013	2,497,317	2,959,534		390,780
Net position at November 30, 2014	<b>\$ 2,418,921</b>	<b>\$ 2,970,406</b>		<b>\$ 409,257</b>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			1,372	
Change in net position of business-type activities			<b>\$ (66,152)</b>	

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, 2014

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 861,335	\$ 727,345	\$ 1,588,680	\$ -
Receipts from interfund services provided	-	-	-	133,533
Payments to suppliers	(791,419)	(581,208)	(1,372,627)	(53,567)
Payments to employees	(27,301)	(36,990)	(64,291)	(31,782)
Payment for interfund services used	(4,000)	(12,072)	(16,072)	-
Net cash provided by operating activities	38,615	97,075	135,690	48,184
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Connection fees	-	178	178	-
Purchases of capital assets	-	-	-	(11,940)
Principal paid on capital debt	(20,500)	(29,500)	(50,000)	-
Interest paid on capital debt	(7,677)	(11,048)	(18,725)	-
Proceeds from sale of capital assets	-	-	-	7,000
Net cash used for capital and related financing activities	(28,177)	(40,370)	(68,547)	(4,940)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment earnings	313	764	1,077	45
Net increase in cash and investments	10,751	57,469	68,220	43,289
Cash and investments at December 1, 2013	529,103	1,308,844	1,837,947	166,128
Cash and investments at November 30, 2014	<b>\$ 539,854</b>	<b>\$ 1,366,313</b>	<b>\$ 1,906,167</b>	<b>\$ 209,417</b>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (71,032)	\$ 20,978	\$ (50,054)	\$ 11,432
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	45,577	37,603	83,180	38,019
Change in assets and liabilities				
Accounts receivable	19,069	11,380	30,449	-
Inventories	(122)	(2,298)	(2,420)	-
Accounts payable	355	307	662	(1,267)
Due to other governmental units	44,768	29,105	73,873	-
Net cash provided by operating activities	<b>\$ 38,615</b>	<b>\$ 97,075</b>	<b>\$ 135,690</b>	<b>\$ 48,184</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
November 30, 2014

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 8,057</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>\$ 8,057</u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**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, 2014

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

**Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within 60 days of the end of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

***Cash and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

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

***Cash and Investments—Continued***

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

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

***Inventories and Prepaid Items***

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

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

***Capital Assets***

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

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

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

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

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

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

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

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

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

***Fund Balance Flow Assumptions***

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

***Fund Balance Policies***

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

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

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.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

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

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

The 2013 state taxable value for real/personal property of the City totaled approximately \$103,547,000 of which approximately \$18,721,000 was captured by the component unit. The ad valorem taxes levied consisted of 11.6 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.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**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.

**Excess of Expenditure Over Appropriations**

During the year ended November 30, 2014, actual expenditures exceeded appropriations for:

	<u>Amended Budget</u>	<u>Actual</u>
General Fund		
Public works		
Sanitation	\$ 197,700	\$ 203,612
Culture and recreation		
Parks	36,180	43,101
Other governmental functions	17,600	24,735
Major Streets Fund		
Public works	160,071	170,879
Local Streets Fund		
Public works	76,367	79,945

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**NOTE C—DEPOSITS AND INVESTMENTS**

As of November 30, 2014, the City had the following investments:

<b>Investment Type</b>	<b><u>Fair value</u></b>	<b><u>Weighted average maturity (Months)</u></b>	<b><u>Moody's</u></b>	<b><u>Percent</u></b>
Money market mutual fund	\$ 474,691	n/a	AAA	100 %

**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, 2014, \$2,299,831 of the City's bank balance of \$2,799,831 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, 2014

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2014 was as follows:

	<b>Balance December 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2014</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 295,147	\$ -	\$ -	\$ 295,147
Construction in progress	-	14,759	-	14,759
Total capital assets, not being depreciated	295,147	14,759	-	309,906
<b>Capital assets, being depreciated:</b>				
Land improvements	74,716	-	-	74,716
Buildings and improvements	1,564,441	-	-	1,564,441
Vehicles and equipment	1,089,030	30,540	35,361	1,084,209
Infrastructure	3,284,975	-	-	3,284,975
Total capital assets, being depreciated	6,013,162	30,540	35,361	6,008,341
<b>Less accumulated depreciation:</b>				
Land improvements	13,472	4,146	-	17,618
Buildings and improvements	510,758	39,111	-	549,869
Vehicles and equipment	592,538	83,129	35,361	640,306
Infrastructure	782,377	164,249	-	946,626
Total accumulated depreciation	1,899,145	290,635	35,361	2,154,419
Total capital assets, being depreciated, net	4,114,017	(260,095)	-	3,853,922
Capital assets, net	<b>\$ 4,409,164</b>	<b>\$ (245,336)</b>	<b>\$ -</b>	<b>\$ 4,163,828</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance December 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2014</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 600	\$ -	\$ -	\$ 600
<b>Capital assets, being depreciated:</b>				
Sewer system	3,122,515	-	-	3,122,515
Water system	2,261,480	-	-	2,261,480
Buildings and improvements	16,029	-	-	16,029
Total capital assets, being depreciated	5,400,024	-	-	5,400,024
<b>Less accumulated depreciation:</b>				
Sewer system	1,148,487	45,577	-	1,194,064
Water system	525,048	37,603	-	562,651
Buildings and improvements	16,029	-	-	16,029
Total accumulated depreciation	1,689,564	83,180	-	1,772,744
Total capital assets, being depreciated, net	3,710,460	(83,180)	-	3,627,280
Capital assets, net	<b>\$ 3,711,060</b>	<b>\$ (83,180)</b>	<b>\$ -</b>	<b>\$ 3,627,880</b>

**Depreciation**

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$ 24,547
Public safety	27,020
Public works	185,609
Culture and recreation	15,440
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	38,019
	<b>\$ 290,635</b>

**Business-type activities:**

Sewer	\$ 45,577
Water	37,603
	<b>\$ 83,180</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance December 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2014</b>
<b>Component unit activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 133,071	\$ -	\$ -	\$ 133,071

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

**Component Unit Transactions**

The DDA contributed \$132,000 for services provided by the City for the year ended November 30, 2014.

**NOTE F—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, 2014.

	<b>Balance December 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance November 30, 2014</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Installment purchase agreements	\$ 15,763	\$ -	\$ 7,882	\$ 7,881	\$ 7,881
Capital leases	60,668	-	19,254	41,414	20,207
Compensated absences	44,973	65,413	70,308	40,078	21,000
Other postemployment benefits	58,993	137,021	49,506	146,508	-
Governmental activities long-term liabilities	<b>\$ 180,397</b>	<b>\$ 202,434</b>	<b>\$ 146,950</b>	<b>\$ 235,881</b>	<b>\$ 49,088</b>
<b>Business-type activities:</b>					
General obligation bonds	<b>\$ 480,000</b>	<b>\$ -</b>	<b>\$ 50,000</b>	<b>\$ 430,000</b>	<b>\$ 50,000</b>
<b>Component unit:</b>					
General obligation bonds	<b>\$ 950,000</b>	<b>\$ -</b>	<b>\$ 160,000</b>	<b>\$ 790,000</b>	<b>\$ 180,000</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**NOTE F—LONG-TERM DEBT—Continued**

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

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Governmental activities:</b>			
2013 Installment Purchase Agreement	0%	May 2015	\$ 7,881
2013 Capital Lease	4.95%	July 2016	41,414
<b>Business-type activities:</b>			
2007 General Obligation Capital Improvement Bonds	4-4.375%	April 2021	430,000
<b>Component unit:</b>			
2012 Refunding General Obligation Limited Tax Bonds	2.40%	October 2018	790,000

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

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The City has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The City's portion of the debt on November 30, 2014 was \$845,934. The City is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for debt outstanding as of November 30, 2014 follows:

<u>Year Ending November 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 28,088	\$ 2,050	\$ 50,000	\$ 16,725	\$ 180,000	\$ 18,960
2016	21,207	1,050	55,000	14,625	190,000	14,640
2017	-	-	60,000	12,325	200,000	10,080
2018	-	-	60,000	9,925	220,000	5,280
2019	-	-	65,000	7,425	-	-
2020-2022	-	-	140,000	6,125	-	-
	<b>\$ 49,295</b>	<b>\$ 3,100</b>	<b>\$ 430,000</b>	<b>\$ 67,150</b>	<b>\$ 790,000</b>	<b>\$ 48,960</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**NOTE G—OTHER INFORMATION**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the government carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

**Contingent Liabilities**

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

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

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

**Defined Benefit Pension Plan**

*Plan Description*

The City of Roosevelt Park is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Act No. 427 of the Public Acts of 1984 of the State of Michigan assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; that authority rests with the City of Roosevelt Park. A copy of the complete financial report and required supplemental information can be obtained by writing to:

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

**Defined Benefit Pension Plan—Continued**

***Funding Policy***

Plan members are not required to contribute to the plan. The City is required to contribute at an actuarially-determined rate; the current rate is 15.70 to 27.19 percent of annual covered payroll depending on the Plan. The contributions requirement of plan members and the City are established and may be amended by the City depending on the MERS contribution program adopted by the City.

***Annual Pension Cost***

For the year ended November 30, 2014, the City’s annual pension cost was approximately \$178,000, which was equal to the City’s required and actual contribution.

**Three-Year Trend Information for MERS**

<u>Year Ended</u>	<u>Approximate Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
11/30/12	\$ 153,000	100 %	\$ -
11/30/13	148,000	100	-
11/30/14	178,000	100	-

The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 0 percent to 11 percent, and (c) 1 percent to 4.5 percent per year compounded annually attributable to inflation. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 27 years. This period will be reduced by one year in each of the next seven valuations until reaching 20 years after which the 20 year period will be reestablished with each annual actuarial valuation.

***Funding Status and Funding Progress***

As of December 31, 2013, the most recent actuarial valuation date, the plan was 65 percent funded. The actuarial accrued liability for benefits was approximately \$5,137,000, and the actuarial value of assets was approximately \$3,328,000, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,809,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$483,000, and the ratio of the UAAL to the covered payroll was 374 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

**Defined Contribution Pension Plan**

The City also maintains a defined contribution plan offered by MERS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers all non-union City employees hired after February 2013. 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 required to contribute 3 percent of a qualified employees' annual compensation each year. For the year ended November 30, 2014, City contributions were approximately \$4,800.

**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 I—OTHER POST-EMPLOYMENT BENEFITS**

**Retiree Healthcare Plan**

*Plan Description*

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

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

*Funding Policy*

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended November 30, 2014, the City contributed \$49,506 to the Retiree Healthcare Plan, all of which were direct payments to retirees, which is 36% of the annual other postemployment benefit (OPEB) cost.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

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

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

Annual required contribution	\$ 137,982
Interest on net OPEB obligation	3,458
Adjustment to annual required contribution	(4,419)
Net OPEB cost	137,021
Payments made to or on behalf of retirees	49,506
Contributions made to OPEB trust	-
Increase in net OPEB obligation	87,515
Net OPEB obligation at beginning of year	58,993
Net OPEB obligation at end of year	<b>\$ 146,508</b>

**Trend Information**

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
11/30/12	\$ 101,871	49 %	\$ (12,489)
11/30/13	117,275	39	58,993
11/30/14	137,021	36	146,508

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

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

***Actuarial Methods and Assumptions***

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

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

The required contribution was determined as part of the November 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions (a) 6 percent investment rate of return (net of administrative expenses), (b) an annual healthcare trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after 4 years. Both rates include a 5 percent inflation assumption. The OPEB Plan's unfunded actuarial accrued liability is being amortized as a projected unit credit - level dollar on a closed basis. The remaining amortization period at November 2013 is 24 years.

***Funded Status and Progress***

As of November 2013, the most recent actuarial valuation date, the Retiree Healthcare Plan was 16 percent funded. The actuarial accrued liability for benefits was approximately \$1,057,000, and the actuarial value of assets was \$169,000, resulting in an unfunded actuarial liability (UAAL) of approximately \$888,000. Information on the covered payroll (annual payroll of active employees covered by the Retiree Healthcare Plan) and the ratio of the UAAL to the covered payroll was not available.

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2014

**NOTE J—PRIOR PERIOD ADJUSTMENT**

The net position of the governmental activities and fund balance of the General Fund were restated to reflect the quarterly payment for fire services in the proper period for which services were incurred.

The effect on beginning net position/fund balance is as follows:

	<b>Governmental Activities</b>	<b>General Fund</b>
Net position/fund balance at December 1, 2013	\$ 5,329,730	\$ 749,552
Fire department	(50,000)	(50,000)
Net position/fund balance at December 1, 2013, as restated	<b>\$ 5,279,730</b>	<b>\$ 699,552</b>

There was no effect on the change in net position/fund balance of the prior year.

**NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 68—*Accounting and Financial Reporting for Pensions* was issued by the GASB in June 2012 and will be effective for the City’s 2015 fiscal year. The statement requires governments that participate in defined benefit pension plans to report in their Statement of Net Position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Roosevelt Park  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended November 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget- Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 1,072,340	\$ 1,072,340	\$ 1,050,439	\$ (21,901)
Licenses and permits	118,620	118,620	126,549	7,929
Intergovernmental revenues				
Federal	20,000	20,000	20,076	76
State	313,800	313,800	342,032	28,232
Charges for services	586,502	640,046	633,934	(6,112)
Fines and forfeitures	17,950	17,950	14,341	(3,609)
Investment earnings	2,700	2,700	1,717	(983)
Other	20,970	20,970	38,809	17,839
Total revenues	2,152,882	2,206,426	2,227,897	21,471
<b>EXPENDITURES</b>				
Current				
General government				
City Council	12,600	12,600	8,698	3,902
City manager	96,270	109,241	106,773	2,468
Clerk	60,620	19,508	16,552	2,956
Treasurer	68,275	74,875	71,972	2,903
Assessor	29,800	29,800	26,468	3,332
Attorney	37,500	46,250	40,953	5,297
Office operations	69,220	102,450	88,466	13,984
Personnel	105,510	105,510	49,506	56,004
City hall, garage and grounds	77,450	81,561	82,126	(565)
Public safety				
Police department	712,919	765,266	758,689	6,577
Fire department	200,000	200,000	200,000	-
Inspections	50,355	50,355	43,087	7,268
Public works				
Public service	348,633	387,333	384,095	3,238
Sidewalks	4,250	11,750	9,833	1,917
Sanitation	192,200	197,700	203,612	(5,912)
Culture and recreation				
Parks	34,680	36,180	43,101	(6,921)
Other governmental functions	17,600	17,600	24,735	(7,135)
Debt service				
Principal	20,000	27,136	27,136	-
Interest	3,000	3,119	3,003	116
Capital outlay	12,000	25,300	18,600	6,700
Total expenditures	2,152,882	2,303,534	2,207,405	96,129
Excess of revenues over (under) expenditures	-	(97,108)	20,492	117,600
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	-	5,210	5,210
Net change in fund balance	<u>\$ -</u>	<u>\$ (97,108)</u>	25,702	<u>\$ 122,810</u>
Fund balance at December 1, 2013, as restated			699,552	
Fund balance at November 30, 2014			<u>\$ 725,254</u>	

City of Roosevelt Park  
 Required Supplementary Information  
**SCHEDULE OF FUNDING PROGRESS**  
 For the year ended November 30, 2014

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS) PENSION PLAN**  
**SCHEDULE OF FUNDING PROGRESS**

*(Dollar amounts in thousands)*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
12/31/11	\$ 3,145	\$ 4,651	\$ 1,506	68 %	\$ 506	297 %
12/31/12	3,222	4,883	1,661	66	479	347
12/31/13	3,328	5,137	1,809	65	483	374

**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF FUNDING PROGRESS**

*(Dollar amounts in thousands)*

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

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

**OTHER SUPPLEMENTAL INFORMATION**

City of Roosevelt Park  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 November 30, 2014

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Funds</b>		
		<b>Major Streets</b>	<b>Local Streets</b>	<b>Roosevelt Park Day</b>
<b>ASSETS</b>				
Cash and investments	\$ 182,010	\$ 85,240	\$ 67,065	\$ 29,705
Due from other governmental units	49,742	40,233	9,509	-
Total assets	<b>\$ 231,752</b>	<b>\$ 125,473</b>	<b>\$ 76,574</b>	<b>\$ 29,705</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 21,320	\$ 16,320	\$ 5,000	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - long-term receivables	15,157	15,157	-	-
<b>FUND BALANCES</b>				
Restricted				
Streets and highways	165,570	93,996	71,574	-
Roosevelt Park Day	29,705	-	-	29,705
Total fund balances	195,275	93,996	71,574	29,705
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 231,752</b>	<b>\$ 125,473</b>	<b>\$ 76,574</b>	<b>\$ 29,705</b>

City of Roosevelt Park  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended November 30, 2014

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Funds</b>		
		<b>Major Streets</b>	<b>Local Streets</b>	<b>Roosevelt Park Day</b>
<b>REVENUES</b>				
Intergovernmental revenues - State	\$ 245,759	\$ 183,367	\$ 62,392	\$ -
Investment earnings	47	-	31	16
Other	20,796	10,064	-	10,732
Total revenues	266,602	193,431	62,423	10,748
<b>EXPENDITURES</b>				
Current				
Public works	250,824	170,879	79,945	-
Culture and recreation	10,109	-	-	10,109
Total expenditures	260,933	170,879	79,945	10,109
Net change in fund balances	5,669	22,552	(17,522)	639
Fund balances at December 1, 2013	189,606	71,444	89,096	29,066
Fund balances at November 30, 2014	<b>\$ 195,275</b>	<b>\$ 93,996</b>	<b>\$ 71,574</b>	<b>\$ 29,705</b>