

City of Roosevelt Park
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

November 30, 2018



City of Roosevelt Park

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INDEPENDENT AUDITOR'S REPORT

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, 2018, 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
City of Roosevelt Park
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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, 2018, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note K to the financial statements, the City of Roosevelt Park, Michigan implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and other post-employment benefits information on pages 3 through 12 and 50 through 56 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
May 28, 2019

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, 2018. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the City had total assets/deferred outflows of resources of \$16,977,173 and total liabilities/deferred inflows of resources of \$8,878,964 leaving net position of \$8,098,209.
- Of the total \$8,098,209 in net position, the City has a deficit in unrestricted net position of \$860,246. The deficit in unrestricted net position is caused by the City's long-term net pension and other post-employment benefits liabilities.
- Total revenues, including all program and general revenues, were \$4,607,180. Of that total, the governmental activities revenues were \$3,159,300 and business-type revenues were \$1,447,880.
- Total expenses for all of the City's programs were \$4,693,728. Of that total, the governmental activities expenses were \$3,425,401 and the business-type expenses were \$1,268,327.
- The City's General Fund reported a total fund balance of \$1,112,576 at year-end, an increase of \$64,553 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to Financial Statements

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

Other Information

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

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, 2018, the City's net position from governmental activities totaled \$2,541,078 (40%) and \$5,557,131 (60%) from business-type activities, creating a total government-wide net position total of \$8,098,209.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., streets, buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the City's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for government-type activities actually depicts a deficit of (\$1,944,436). This represents the amount of discretionary cash or investments that can be used for general governmental operations. The deficit in unrestricted net position is caused by the City's long-term net pension and other post-employment benefits liabilities (OPEB).

The business-type activities show a total of \$5,557,131 in net position and \$1,084,190 in unrestricted net position. The Sewer Fund and Water Fund unrestricted net position are \$529,880 and \$558,245, respectively.

City of Roosevelt Park

Management's Discussion and Analysis

The decrease in current assets and other assets for governmental activities occurred as the City undertook some street projects using available resources and also had a lower payables balance at year-end. Current liabilities decreased as there were some larger payables at the end of the prior year for that were paid off.

Business-type current liabilities decreased due to a lower payables balance at year-end.

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

Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
Current assets and other assets	\$ 2,072,188	\$ 2,489,523	\$ 1,694,681	\$ 1,757,239	\$ 3,766,869	\$ 4,246,762
Capital assets	7,591,683	7,710,675	4,480,749	4,383,889	12,072,432	12,094,564
Total assets	9,663,871	10,200,198	6,175,430	6,141,128	15,839,301	16,341,326
Deferred outflows of resources	1,024,086	366,194	113,786	40,688	1,137,872	406,882
Total assets and deferred outflows of resources	10,687,957	10,566,392	6,289,216	6,181,816	16,977,173	16,748,208
Current liabilities	316,092	651,784	116,286	222,993	432,378	874,777
Noncurrent liabilities	7,460,375	7,107,429	574,641	581,245	8,035,016	7,688,674
Total liabilities	7,776,467	7,759,213	690,927	804,238	8,467,394	8,563,451
Deferred inflows of resources	370,412	-	41,158	-	411,570	-
Total liabilities and deferred inflows of resources	8,146,879	7,759,213	732,085	804,238	8,878,964	8,563,451
Net position						
Net investment in capital assets	3,885,527	4,122,431	4,472,941	4,118,889	8,358,468	8,241,320
Restricted	599,987	461,154	-	-	599,987	461,154
Unrestricted	(1,944,436)	(1,776,406)	1,084,190	1,258,689	(860,246)	(517,717)
Total net position	\$ 2,541,078	\$ 2,807,179	\$ 5,557,131	\$ 5,377,578	\$ 8,098,209	\$ 8,184,757

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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 676,245	\$ 661,831	\$ 1,446,029	\$ 1,496,152	\$ 2,122,274	\$ 2,157,983
Operating grants	444,673	334,003	-	-	444,673	334,003
Capital grants and contributions	-	16,480	-	-	-	16,480
General revenues						
Property taxes	1,540,370	1,527,169	-	-	1,540,370	1,527,169
Franchise fees	62,063	63,097	-	-	62,063	63,097
Grants and contributions not restricted	357,298	344,500	-	-	357,298	344,500
Unrestricted investment earnings	10,217	5,747	1,851	826	12,068	6,573
Miscellaneous	12,575	32,951	-	-	12,575	32,951
Gain on disposal of capital assets	55,859	-	-	-	55,859	-
Total revenues	3,159,300	2,985,778	1,447,880	1,496,978	4,607,180	4,482,756
Expenses:						
General government	802,969	726,055	-	-	802,969	726,055
Public safety	1,199,076	1,188,148	-	-	1,199,076	1,188,148
Public works	1,226,341	1,198,663	-	-	1,226,341	1,198,663
Culture and recreation	97,548	86,657	-	-	97,548	86,657
Interest on long term debt	99,467	103,169	-	-	99,467	103,169
Sewer	-	-	703,762	697,600	703,762	697,600
Water	-	-	564,565	578,541	564,565	578,541
Total expenses	3,425,401	3,302,692	1,268,327	1,276,141	4,693,728	4,578,833
Change in net position	(266,101)	(316,914)	179,553	220,837	(86,548)	(96,077)
Net position - Beginning, as restated	2,807,179	3,929,181	5,377,578	5,246,195	8,184,757	9,175,376
Net position - Ending	\$ 2,541,078	\$ 3,612,267	\$ 5,557,131	\$ 5,467,032	\$ 8,098,209	\$ 9,079,299

For the year ended November 30, 2018, net position decreased by \$266,101 in governmental activities and increased by \$179,553 in business-type activities, respectively. This resulted in an overall net decrease of \$86,548 in government-wide net position.

See Note K of the “Notes to the Financial Statements” of this report for additional information on the implementation of new other post-employment benefit standards and the corresponding restatement of beginning net position for the governmental and business-type activities.

Governmental Activities

For governmental activities overall revenue increased by \$173,522. Most of the increase occurred due to an increase in operating grants primarily as a result of additional street funding from the State of Michigan.

Expenses for all governmental functions increased by a total of \$122,709. Most of the change was due to higher OPEB costs.

Business-type activities

Business-type activities were similar to the prior year.

Financial Analysis of the Government’s Funds

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

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

At the end of the 2018 fiscal year, the City governmental funds reported a combined unassigned fund balance of \$1,069,394, all of which is in the General Fund. The remainder of the fund balance is nonspendable as it has been spent on prepaid items for the following year; is restricted for streets and highways or Roosevelt Park Day; or is assigned for the subsequent year’s budget.

The General Fund is the chief operating fund of the City. The General Fund ended the year with a fund balance of \$1,112,576, an increase of \$64,553 from fiscal year 2017. 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 45% of the General Fund’s expenditures and transfers (37% in the prior year).

Proprietary Funds. The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Sewer Fund and Water Fund increased by \$61,129 and \$122,449, respectively. The result was an overall net increase in the proprietary funds of \$183,578.

General Fund Budget

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

- Licenses and permits revenues were originally budgeted for \$108,600 and were amended up to \$138,745 due to increased amounts of major building permits issued and constructions projects throughout the year.
- Intergovernmental revenues – State were originally budgeted for \$338,450 and were amended down to \$294,789 because revenue received from the State after the end of the year was not included in the amended budget.
- Other revenues were originally budgeted for \$9,200 and were amended up to \$64,288 due to a sale of city owned commercial property to a private developer.
- Personnel expenditures were originally budgeted for \$235,340 and were amended down to \$214,479 because turnover of employees and gaps of time with no clerk which caused the City to be understaffed.
- Sanitation expenditures were originally budgeted for \$212,340 and were amended down to \$170,466 because invoices received after the end of the year were not included in the amended budget.

Budget Variations

The following comments summarize the major variations from the final budget to actual revenues and expenditures:

- Intergovernmental revenues – State were over the final budget by \$67,754 due to the final revenue sharing payment from the State received after year-end not being budgeted.
- Charges for services revenues were under the final budget by \$55,807 due the several employee related changes and periods of which the City was understaffed and therefore used less by other funds.
- Other revenues were under the final budget by \$56,301 as the sale of commercial property mentioned above was budgeted on this line item but properly recorded as proceeds from the sale of capital assets as discussed below.
- Sanitation expenditures were over budget by \$31,890 as the final invoice received after year-end was not budgeted.
- Parks expenditures were over budget by \$28,877 due equipment transfers and additional work done in parks for 2018 fiscal year.
- Proceeds from the sale of capital assets were over budget by \$55,859 due to the sale of commercial property owned by the City.

Capital Assets

The City investment in capital assets for its governmental and business-type activities as of November 30, 2018 totaled \$12,072,432 (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:

- Major street improvements of \$108,165 and local street improvements of \$275,372. These projects also included water system improvements of \$135,679.
- Sidewalk improvements of \$26,074.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 291,547	\$ 291,547	\$ 600	\$ 600	\$ 292,147	\$ 292,147
Land improvements	40,514	44,660	-	-	40,514	44,660
Buildings and improvements	884,010	908,341	-	-	884,010	908,341
Vehicles and equipment	318,550	418,807	-	-	318,550	418,807
Infrastructure	6,057,062	6,047,320	-	-	6,057,062	6,047,320
Sewer system	-	-	1,756,771	1,791,721	1,756,771	1,791,721
Water system	-	-	2,723,378	2,591,568	2,723,378	2,591,568
Total	\$ 7,591,683	\$ 7,710,675	\$ 4,480,749	\$ 4,383,889	\$ 12,072,432	\$ 12,094,564

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

Debt Administration

At the end of the 2018 fiscal year, the City had total outstanding debt of \$3,962,303 consisting of capital leases, general obligation bonds, and compensated absences. The \$205,000 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			
	2018	2017	2018	2017	2018	2017
Capital leases	\$ 33,892	\$ 50,068	\$ -	\$ -	\$ 33,892	\$ 50,068
General obligation bonds	3,672,264	3,824,384	205,000	265,000	3,877,264	4,089,384
Compensated absences	51,147	45,968	-	-	51,147	45,968
Total	\$ 3,757,303	\$ 3,920,420	\$ 205,000	\$ 265,000	\$ 3,962,303	\$ 4,185,420

The City’s total debt decreased by \$223,117 during the fiscal year. This decrease is a result of normal scheduled debt service payments.

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

General Economic Overview

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

<u>YEAR</u>	<u>TOTAL PROPERTY TAXES</u> <u>(percentage change)</u>	<u>STATE SHARED REVENUE</u> <u>(percentage change)</u>
2018	\$ 1,540,370 (+ .9%)	\$ 352,849 (+2.4%)
2017	1,527,169 (+ 3.5%)	344,500 (+7.8%)
2016	1,476,048 (- .1%)	319,509 (+1.0%)
2015	1,477,660 (+ 40.7%)	316,465 (-.3%)
2014	1,050,439 (+ .1%)	317,374 (+2.1%)
2013	1,049,071 (- 4.3%)	310,593 (+1.7%)
2012	1,096,674 (-2.8%)	305,343 (+5.4%)
2011	1,128,474 (-5.0%)	289,666 (+1.9%)
2010	1,187,913 (-3.5%)	284,299 (-4.9%)
2009	1,228,949	298,156

For fiscal year 2019, the City will maintain its millage rate at 16.6 mills. The additional 5 mills that were levied beginning in 2015 will continue to be used primarily to fund the debt service of the Roosevelt Road construction project. The City has also budgeted a slight increase in State Revenue Sharing based on projections from the State. No other significant changes are expected in General Fund revenues.

The City has budgeted funds \$20,000 in 2019 for the creation of a citywide Master Plan and an update to the past Parks and Recreation Master Plan. This will be a contracted service through a professional planning and zoning firm.

The City continues to budget capital and maintenance funds for parks and playground improvements throughout the nine city parks. The City will be investing in safer equipment and other quality of life focused maintenance and upkeep items throughout the City's parks.

In the spring of 2019, the City has budgeted \$170,000 and will begin the mill and overlay project for portions of both Coolidge and Eastland Roads along with applying for grants to assist in street work throughout the community.

Projects planned in the Water Fund includes the next steps of the citywide water meter upgrades after completing the first phases of a water meter upgrade and installation of a radio read system in 2018. The 2019 budget includes nearly \$400,000 from the Water Fund to purchase and install new water meters and radio equipment throughout all the commercial and residential districts within the city.

The only planned capital improvement for the sewer fund for 2019 is mechanical lining of sanitary sewers throughout the system.

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).

2019 will be the first year of the City's new collective bargaining agreements with the police department and the department of public works. As of December 31st of 2018, the new collective bargaining units have closed the defined benefit and retiree health insurance offerings for new hires. Along with the significant long-term savings of closing these programs within the collective bargaining units, the general employee unit of City has eliminated any retiree health care benefits to future hires.

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

Requests for Information

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

City of Roosevelt Park
STATEMENT OF NET POSITION
November 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Current assets				
Cash and investments	\$ 1,876,218	\$ 1,335,856	\$ 3,212,074	\$ 307,590
Receivables	7,669	326,107	333,776	-
Due from other governmental units	148,699	-	148,699	-
Internal balances	3,935	(3,935)	-	-
Inventories	-	36,653	36,653	-
Prepaid items	35,667	-	35,667	-
Total current assets	2,072,188	1,694,681	3,766,869	307,590
Noncurrent assets				
Capital assets, net				
Nondepreciable	291,547	600	292,147	133,071
Depreciable	7,300,136	4,480,149	11,780,285	-
Total noncurrent assets	7,591,683	4,480,749	12,072,432	133,071
Total assets	9,663,871	6,175,430	15,839,301	440,661
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	266,462	29,606	296,068	-
Related to other postemployment benefits	757,624	84,180	841,804	-
Total deferred outflows of resources	1,024,086	113,786	1,137,872	-
Total assets and deferred outflows of resources	10,687,957	6,289,216	16,977,173	440,661
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	102,185	110	102,295	847
Due to other governmental units	5,207	51,176	56,383	-
Bonds and other obligations, due within one year	208,700	65,000	273,700	-
Total current liabilities	316,092	116,286	432,378	847
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	3,548,603	140,000	3,688,603	-
Net pension liability	2,137,040	237,449	2,374,489	-
Net other postemployment benefits liability	1,774,732	197,192	1,971,924	-
Total noncurrent liabilities	7,460,375	574,641	8,035,016	-
Total liabilities	7,776,467	690,927	8,467,394	847
DEFERRED INFLOWS OF RESOURCES				
Related to pension	61,912	6,880	68,792	-
Related to other postemployment benefits	308,500	34,278	342,778	-
Total deferred inflows of resources	370,412	41,158	411,570	-
Total liabilities and deferred inflows of resources	8,146,879	732,085	8,878,964	847
NET POSITION				
Net investment in capital assets	3,885,527	4,472,941	8,358,468	133,071
Restricted				
Streets and highways	573,131	-	573,131	-
Roosevelt Park Day	26,856	-	26,856	-
Unrestricted	(1,944,436)	1,084,190	(860,246)	306,743
Total net position	\$ 2,541,078	\$ 5,557,131	\$ 8,098,209	\$ 439,814

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF ACTIVITIES
For the year ended November 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			Component Unit
				Governmental Activities	Business-type Activities	Total	
Primary government							
Governmental activities							
General government	\$ 802,969	\$ 37,480	\$ -	\$ (765,489)	\$ -	\$ (765,489)	\$ -
Public safety	1,199,076	171,428	10,298	(1,017,350)	-	(1,017,350)	-
Public works	1,226,341	464,497	428,300	(333,544)	-	(333,544)	-
Culture and recreation	97,548	2,840	6,075	(88,633)	-	(88,633)	-
Interest on long-term debt	99,467	-	-	(99,467)	-	(99,467)	-
Total governmental activities	3,425,401	676,245	444,673	(2,304,483)	-	(2,304,483)	-
Business-type activities							
Sewer	703,762	763,668	-	-	59,906	59,906	-
Water	564,565	682,361	-	-	117,796	117,796	-
Total business-type activities	1,268,327	1,446,029	-	-	177,702	177,702	-
Total primary government	\$ 4,693,728	\$ 2,122,274	\$ 444,673	(2,304,483)	177,702	(2,126,781)	-
Component unit							
Downtown Development Authority							
General government	\$ 32,847	\$ -	\$ -	-	-	-	(32,847)
Public safety	80,000	-	-	-	-	-	(80,000)
Public works	56,848	-	-	-	-	-	(56,848)
Interest on long-term debt	5,280	-	-	-	-	-	(5,280)
Total component unit	\$ 174,975	\$ -	\$ -	-	-	-	(174,975)
General revenues							
Property taxes				1,540,370	-	1,540,370	257,899
Franchise fees				62,063	-	62,063	-
Grants and contributions not restricted to specific programs				357,298	-	357,298	-
Unrestricted investment earnings				10,217	1,851	12,068	394
Miscellaneous				12,575	-	12,575	-
Gain on disposal of capital assets				55,859	-	55,859	-
Total general revenues				2,038,382	1,851	2,040,233	258,293
Change in net position				(266,101)	179,553	(86,548)	83,318
Net position at December 1, 2017, as restated				2,807,179	5,377,578	8,184,757	356,496
Net position at November 30, 2018				\$ 2,541,078	\$ 5,557,131	\$ 8,098,209	\$ 439,814

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
BALANCE SHEET
 Governmental Funds
 November 30, 2018

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,089,950	\$ 393,815	\$ 108,707	\$ 26,856	\$ 1,619,328
Accounts receivable	7,559	-	-	-	7,559
Due from other governmental units	67,700	43,613	37,386	-	148,699
Prepaid items	35,667	-	-	-	35,667
Total assets	\$ 1,200,876	\$ 437,428	\$ 146,093	\$ 26,856	\$ 1,811,253
LIABILITIES					
Accounts payable	\$ 64,917	\$ 7,863	\$ 2,527	\$ -	\$ 75,307
Accrued liabilities	18,176	-	-	-	18,176
Due to other governmental units	5,207	-	-	-	5,207
Total liabilities	88,300	7,863	2,527	-	98,690
FUND BALANCES					
Nonspendable - prepaid items	35,667	-	-	-	35,667
Restricted					
Streets and highways	-	429,565	143,566	-	573,131
Roosevelt Park Day	-	-	-	26,856	26,856
Assigned to subsequent year's budget appropriation of fund balance	7,515	-	-	-	7,515
Unassigned	1,069,394	-	-	-	1,069,394
Total fund balances	1,112,576	429,565	143,566	26,856	1,712,563
Total liabilities and fund balances	\$ 1,200,876	\$ 437,428	\$ 146,093	\$ 26,856	\$ 1,811,253

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, 2018

Total fund balance—governmental funds \$ 1,712,563

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	\$10,554,335	
Accumulated depreciation	<u>(3,108,733)</u>	7,445,602

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

Accrued interest payable	(7,800)	
Bonds and notes payable	(3,672,264)	
Compensated absences	(51,147)	
Net pension liability and related deferred outflows/inflows of resources	(1,932,490)	
Other postemployment benefits and related deferred outflows/inflows of resources	<u>(1,325,608)</u>	(6,989,309)

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	368,287	
Internal balances representing the cumulative differences between actual costs and amounts charged to business-type activities	<u>3,935</u>	<u>372,222</u>

Net position of governmental activities	<u>\$ 2,541,078</u>
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The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended November 30, 2018

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 1,540,370	\$ -	\$ -	\$ -	\$ 1,540,370
Licenses and permits	141,367	-	-	-	141,367
Intergovernmental revenues					
Federal	8,683	-	-	-	8,683
State	362,543	272,532	143,371	-	778,446
Charges for services	576,497	-	-	-	576,497
Fines and forfeitures	13,974	-	-	-	13,974
Investment earnings	8,476	367	68	1,653	10,564
Other	7,987	11,962	-	13,503	33,452
Total revenues	<u>2,659,897</u>	<u>284,861</u>	<u>143,439</u>	<u>15,156</u>	<u>3,103,353</u>
EXPENDITURES					
Current					
General government	711,538	-	-	-	711,538
Public safety	1,043,359	-	-	-	1,043,359
Public works	544,996	213,963	76,980	-	835,939
Culture and recreation	55,745	-	-	12,057	67,802
Other governmental functions	22,368	-	-	-	22,368
Debt service					
Principal	-	-	-	155,000	155,000
Interest	-	-	-	95,313	95,313
Capital outlay	22,884	-	-	287,831	310,715
Total expenditures	<u>2,400,890</u>	<u>213,963</u>	<u>76,980</u>	<u>550,201</u>	<u>3,242,034</u>
Excess of revenues over (under) expenditures	259,007	70,898	66,459	(535,045)	(138,681)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	55,859	-	-	-	55,859
Transfers in	-	-	-	250,313	250,313
Transfers out	(250,313)	-	-	-	(250,313)
Total other financing sources (uses)	<u>(194,454)</u>	<u>-</u>	<u>-</u>	<u>250,313</u>	<u>55,859</u>
Net change in fund balances	64,553	70,898	66,459	(284,732)	(82,822)
Fund balances at December 1, 2017	1,048,023	358,667	77,107	311,588	1,795,385
Fund balances at November 30, 2018	<u>\$ 1,112,576</u>	<u>\$ 429,565</u>	<u>\$ 143,566</u>	<u>\$ 26,856</u>	<u>\$ 1,712,563</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, 2018

Net change in fund balances—total governmental funds \$ (82,822)

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	\$ (476,145)	
Capital outlay	<u>432,495</u>	(43,650)

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		155,000
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Change in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable	300	
Amortization of premiums and discounts	<u>(2,880)</u>	(2,580)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(5,179)	
Change in net pension liability and related deferred outflows/inflows of resources	(92,002)	
Change in other postemployment benefits and related deferred outflows/inflows of resources	<u>(146,081)</u>	(243,262)

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	(52,812)	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>4,025</u>	<u>(48,787)</u>

Change in net position of governmental activities	<u><u>\$ (266,101)</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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
ASSETS				
Current assets				
Cash and investments	\$ 669,462	\$ 666,394	\$ 1,335,856	\$ 256,890
Receivables				
Accounts receivable	174,576	151,531	326,107	110
Inventories	2,665	33,988	36,653	-
Total current assets	846,703	851,913	1,698,616	257,000
Noncurrent assets				
Capital assets				
Land	-	600	600	-
Utility systems	3,133,178	3,474,976	6,608,154	-
Vehicles and equipment	-	-	-	755,306
Less accumulated depreciation	(1,376,407)	(751,598)	(2,128,005)	(609,225)
Total noncurrent assets	1,756,771	2,723,978	4,480,749	146,081
Total assets	2,603,474	3,575,891	6,179,365	403,081
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	14,803	14,803	29,606	-
Related to other postemployment benefits	42,090	42,090	84,180	-
Total deferred outflows of resources	56,893	56,893	113,786	-
Total assets and deferred outflows of resources	2,660,367	3,632,784	6,293,151	403,081
LIABILITIES				
Current liabilities				
Accounts payable	110	-	110	902
Due to other governmental units	37,111	14,065	51,176	-
Bonds and other obligations, due within one year	26,500	38,500	65,000	16,700
Total current liabilities	63,721	52,565	116,286	17,602
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	57,000	83,000	140,000	17,192
Net pension liability	118,724	118,725	237,449	-
Net other postemployment benefits liability	98,596	98,596	197,192	-
Total noncurrent liabilities	274,320	300,321	574,641	17,192
Total liabilities	338,041	352,886	690,927	34,794
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	3,440	3,440	6,880	-
Related to other postemployment benefits	17,139	17,139	34,278	-
Total deferred inflows of resources	20,579	20,579	41,158	-
Total liabilities and deferred inflows of resources	358,620	373,465	732,085	34,794
NET POSITION				
Net investment in capital assets	1,771,867	2,701,074	4,472,941	112,189
Unrestricted	529,880	558,245	1,088,125	256,098
Total net position	<u>\$ 2,301,747</u>	<u>\$ 3,259,319</u>	5,561,066	<u>\$ 368,287</u>
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			(3,935)	
Net position of business-type activities			<u>\$ 5,557,131</u>	

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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	Fund
OPERATING REVENUES				
Charges for services	\$ 755,688	\$ 676,213	\$ 1,431,901	\$ 90,407
OPERATING EXPENSES				
Administration	114,558	102,509	217,067	13,544
Operations	539,120	393,021	932,141	52,847
Depreciation	45,613	59,556	105,169	75,342
Total operating expenses	699,291	555,086	1,254,377	141,733
Operating income (loss)	56,397	121,127	177,524	(51,326)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	821	1,030	1,851	88
Connection fees	7,980	6,148	14,128	-
Interest expense	(4,069)	(5,856)	(9,925)	(1,574)
Total nonoperating revenues (expenses)	4,732	1,322	6,054	(1,486)
Change in net position	61,129	122,449	183,578	(52,812)
Net position at December 1, 2017, as restated	2,240,618	3,136,870		421,099
Net position at November 30, 2018	\$ 2,301,747	\$ 3,259,319		\$ 368,287
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			(4,025)	
Change in net position of business-type activities			\$ 179,553	

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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 797,779	\$ 708,355	\$ 1,506,134	\$ -
Receipts from interfund services provided	-	-	-	90,297
Payments to suppliers	(670,364)	(454,821)	(1,125,185)	(41,734)
Payments to employees	(11,019)	(51,656)	(62,675)	(27,260)
Payment for interfund services used	(706)	(6,368)	(7,074)	-
Net cash provided by operating activities	115,690	195,510	311,200	21,303
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection fees	7,980	6,148	14,128	-
Purchases of capital assets	(10,663)	(230,891)	(241,554)	-
Principal paid on capital debt	(24,500)	(35,500)	(60,000)	(16,176)
Interest paid on capital debt	(4,069)	(5,856)	(9,925)	(1,574)
Net cash used for capital and related financing activities	(31,252)	(266,099)	(297,351)	(17,750)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment earnings	821	1,030	1,851	88
Net increase (decrease) in cash and investments	85,259	(69,559)	15,700	3,641
Cash and investments at December 1, 2017	584,203	735,953	1,320,156	253,249
Cash and investments at November 30, 2018	\$ 669,462	\$ 666,394	\$ 1,335,856	\$ 256,890
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 56,397	\$ 121,127	\$ 177,524	\$ (51,326)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation expense	45,613	59,556	105,169	75,342
Change in assets and liabilities				
Accounts receivable	42,091	32,142	74,233	(110)
Accounts payable	(7,151)	(1,940)	(9,091)	36
Due to other governmental units	(34,488)	(28,603)	(63,091)	(2,639)
Accrued liabilities	13,228	13,228	26,456	-
Net cash provided by operating activities	\$ 115,690	\$ 195,510	\$ 311,200	\$ 21,303

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Fiduciary Funds
November 30, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 36,136</u>
LIABILITIES	
Due to other governmental units	<u>\$ 36,136</u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

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, 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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

The City reports the following major governmental fund:

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

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

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

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, 2018

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, 2018

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, 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Defined Benefit Plan

The City offers a defined benefit pension plan to its employees through Municipal Employees Retirement System (MERS). The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the Plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City offers a defined benefit retiree healthcare benefits to retirees. The City records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan's fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Fund Balance Policies

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

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 2017 state taxable value for real/personal property of the City totaled approximately \$99,227,000 of which approximately \$9,206,000 was captured by the component unit. The ad valorem taxes levied consisted of 16.6 mills for operations. These amounts are recognized in the General Fund with captured amounts shown in the DDA component unit.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Compensated Absences

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess of Expenditures over Appropriations

During the year ended November 30, 2018, actual expenditures exceeded appropriation for:

	<u>Amended Budget</u>	<u>Actual</u>
General Fund		
Public safety		
Police department	\$ 743,843	\$ 759,933
Public works		
Sanitation	170,466	202,356
Culture and recreation		
Parks	26,868	55,745

These overexpenditures were funded with available fund balance.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE C—DEPOSITS AND INVESTMENTS

As of November 30, 2018, the City had the following investments:

Investment Type	Fair value	Weighted average maturity (Days)	Moody's	Percent
Money market mutual fund	\$ 484,607	27	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, 2018, \$3,028,501 of the City's bank balance of \$3,278,501 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, 2018

NOTE D—FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include the following:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at November 30, 2018.

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

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

	Assets at Fair Value as of November 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 484,607	\$ -	\$ 484,607

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE E—CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2018 was as follows:

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 291,547	\$ -	\$ -	\$ 291,547
Capital assets, being depreciated:				
Land improvements	74,716	-	-	74,716
Buildings and improvements	1,575,976	12,352	-	1,588,328
Vehicles and equipment	1,266,975	10,532	24,640	1,252,867
Infrastructure	7,692,572	409,611	-	8,102,183
Total capital assets, being depreciated	10,610,239	432,495	24,640	11,018,094
Less accumulated depreciation:				
Land improvements	30,056	4,146	-	34,202
Buildings and improvements	667,635	36,683	-	704,318
Vehicles and equipment	848,168	110,789	24,640	934,317
Infrastructure	1,645,252	399,869	-	2,045,121
Total accumulated depreciation	3,191,111	551,487	24,640	3,717,958
Total capital assets, being depreciated, net	7,419,128	(118,992)	-	7,300,136
Capital assets, net	\$ 7,710,675	\$ (118,992)	\$ -	\$ 7,591,683

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE E—CAPITAL ASSETS—Continued

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 600	\$ -	\$ -	\$ 600
Capital assets, being depreciated:				
Sewer system	3,122,515	10,663	-	3,133,178
Water system	3,283,610	191,366	-	3,474,976
Buildings and improvements	16,029	-	16,029	-
Total capital assets, being depreciated	6,422,154	202,029	16,029	6,608,154
Less accumulated depreciation:				
Sewer system	1,330,794	45,613	-	1,376,407
Water system	692,042	59,556	-	751,598
Buildings and improvements	16,029	-	16,029	-
Total accumulated depreciation	2,038,865	105,169	16,029	2,128,005
Total capital assets, being depreciated, net	4,383,289	96,860	-	4,480,149
Capital assets, net	\$ 4,383,889	\$ 96,860	\$ -	\$ 4,480,749

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 20,364
Public safety	20,574
Public works	421,229
Culture and recreation	13,978
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	75,342
	\$ 551,487

Business-type activities:

Sewer	\$ 45,613
Water	59,556
	\$ 105,169

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE E—CAPITAL ASSETS—Continued

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Component unit activities:				
Capital assets, not being depreciated:				
Land	\$ 133,071	\$ -	\$ -	\$ 133,071
	\$ 133,071	\$ -	\$ -	\$ 133,071

NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of November 30, 2018 is as follows:

Interfund Transfers

The General Fund transferred \$250,313 to the Roosevelt Road Debt Service Fund for debt service payments.

Component Unit Transactions

The DDA transferred \$132,000 for services provided by the City for the year ended November 30, 2018.

NOTE G—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the City for the year ended November 30, 2018.

	Balance December 1, 2017	Additions	Reductions	Balance November 30, 2018	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,855,000	\$ -	\$ 155,000	\$ 3,700,000	\$ 160,000
Discount	(30,616)	-	(2,880)	(27,736)	-
Capital lease	50,068	-	16,176	33,892	16,700
Compensated absences	45,968	58,047	52,868	51,147	32,000
Governmental activities long-term liabilities	\$ 3,920,420	\$ 58,047	\$ 221,164	\$ 3,757,303	\$ 208,700
Business-type activities:					
General obligation bonds	\$ 265,000	\$ -	\$ 60,000	\$ 205,000	\$ 65,000
Component unit:					
General obligation bonds	\$ 220,000	\$ -	\$ 220,000	\$ -	\$ -

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE G—LONG-TERM DEBT—Continued

Summary of Changes in Long-Term Liabilities—Continued

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Governmental activities:			
2016 General Obligation Capital Improvement Bonds	2-3%	May 2036	\$ 3,700,000
2016 Capital Lease	3.142%	December 2019	33,892
Business-type activities:			
2007 General Obligation Capital Improvement Bonds	4-4.375%	April 2021	205,000

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, 2018 was \$652,759. 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, 2018 follows:

<u>Year Ending November 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 176,700	\$ 93,227	\$ 65,000	\$ 7,425
2020	182,200	89,453	70,000	4,594
2021	170,000	85,563	70,000	1,531
2022	170,000	82,163	-	-
2023	175,000	78,713	-	-
2024-2028	950,000	336,019	-	-
2029-2033	1,125,000	204,000	-	-
2033-2036	784,992	36,075	-	-
	\$ 3,733,892	\$ 1,005,213	\$ 205,000	\$ 13,550

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE H—OTHER INFORMATION

Risk Management

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

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

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

Contingent Liabilities

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

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

Capitalized Leases

Included in vehicles and equipment are the following assets held under capital leases as of November 30, 2018:

Governmental activities:

Vehicles and equipment	\$ 83,500
Less accumulated amortization	<u>(50,100)</u>
	<u><u>\$ 33,400</u></u>

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE H—OTHER INFORMATION—Continued

Capitalized Leases—Continued

Future minimum lease payments for assets under capital leases for 2019 through 2020 are as follows:

Year Ending November 30,	Amount
2019	\$ 17,749
2020	17,749
Total minimum lease payments	35,498
Less amount representing interest	(1,606)
Present value of net minimum lease payments	33,892
Less current maturities	(16,700)
Long-term obligation	\$ 17,192

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

Plan Description

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Benefits Provided

The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees hired prior to February 2013. Beginning in February 2013, the various employee divisions began to be closed. By November 2015, all employee divisions were closed except for the police union division, which was closed to new entrants in December 2018.

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

Employees Covered by Benefit Terms

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	8
Active employees	6
Total employees covered by MERS	34

Contributions

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

For the year ended November 30, 2018, the City contribution rate was 18.77 percent of annual covered payroll for the police union division which is open. For all other divisions, the City had an annual flat-dollar contribution to the Plan of \$172,212 in lieu of a percentage of covered payroll, as the divisions are closed to new employees. No contribution is required from employees.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions—Continued

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

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	55.5%	8.65%	4.80%	2.50%	3.42%
Global fixed income	18.5%	3.76%	0.70%	2.50%	0.23%
Real assets	13.5%	9.72%	1.31%	2.50%	0.97%
Diversifying strategies	12.5%	7.50%	0.94%	2.50%	0.63%
Total	100.0%		7.75%		5.25%

Discount Rate

The discount rate used to measure the total pension liability was 8 percent for 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at January 1, 2017	\$ 5,586,717	\$ 3,134,848	\$ 2,451,869
Changes for the year			
Service cost	49,381	-	49,381
Interest	434,958	-	434,958
Difference between expected and actual experience	157,090	-	157,090
Contributions - employer	-	307,065	(307,065)
Net investment income	-	418,373	(418,373)
Administrative expenses	-	(6,629)	6,629
Benefit payments including refund of employee contributions	(348,872)	(348,872)	-
Net changes	292,557	369,937	(77,380)
Balance at December 31, 2017	\$ 5,879,274	\$ 3,504,785	\$ 2,374,489

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

The following presents the net pension liability of the City, calculated using the discount rate of 8 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's net pension liability	\$ 3,096,091	\$ 2,374,489	\$ 1,769,542

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

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

For the year ended November 30, 2018, the City recognized pension expense of \$339,794. At November 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 78,545	\$ -
Net difference between projected and actual net investment income	-	68,792
Contributions subsequent to the measurement date*	217,523	-
Total	\$ 296,068	\$ 68,792

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending November 30, 2019.

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

Year Ending November 30,	Amount
2019	\$ 93,018
2020	4,693
2021	(54,055)
2022	(33,903)

Payables to the Pension Plan

At November 30, 2018, the City reported a payable of \$43,143 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2018.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE I—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Contribution Pension Plan

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

Benefit terms, including contribution requirements, for the MERS defined contribution plan are established and may be amended by the City Council as determined by negotiated labor contracts. The City is required to contribute 6 percent of a qualified employees' annual compensation each year. Qualified employees are required to contribute 3 percent to 10 percent of annual compensation depending on employee group. For the year ended November 30, 2018, City and employee contributions were \$11,071 and \$9,470, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in City contributions and earnings on City contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended November 30, 2018, there were no forfeitures.

Deferred Compensation Plan

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

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

NOTE J—OTHER POST-EMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description

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

Benefits Provided

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Employees Covered by Benefit Terms

At the November 30, 2018 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	-
Active employees	10
Total employees covered by OPEB Plan	17

Contributions

The OPEB Plan’s funding policy is that the City will make discretionary contributions. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. The City participates in the MERS Retiree Health Funding Vehicle, a legally established trust under section 401(a) of the Internal Revenue Code. For the year ended November 30, 2018, the City made payments for postemployment healthcare benefits for current retirees of \$46,018. The City did not make any contributions to the OPEB Plan trust.

Net OPEB Liability

The City’s net OPEB liability was measured as of November 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of November 30, 2018.

Actuarial Assumptions

The total OPEB liability in the November 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	2.0 percent
Investment rate of return	7.75 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare - 8.5 percent graded down to 4.5 percent by .25 percent per year Post-Medicare - 7.0 percent graded down to 4.5 percent by .25 percent per year

Mortality

Mortality rates for police were as set forth in PUB Safety 2010 Employee and Healthy Retiree and for all others were as set forth in Public General 2010 Employee and Healthy Retiree.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Assumptions—Continued

Investment Rate of Return

The long-term rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of November 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	55.5%	6.15%
Global fixed income	18.5%	1.26%
Real assets	13.5%	7.22%
Diversifying strategies	12.5%	5.00%

The sum of each target allocation times its long-term expected real rate is 5.25 percent. Together with 2.50 percent inflation, the long-term expected rate of return is 7.75 percent.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.14 percent. The City is assumed to make annual contributions as determined by their actuarial valuation. Given this assumption, the assets are not projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The discount rate used to calculate the liability at the beginning of the year was 5.15 percent.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a)-(b)
Balance at December 1, 2017	\$ 1,663,262	\$ 352,677	\$ 1,310,585
Changes for the year			
Service cost	76,801	-	76,801
Interest	87,243	-	87,243
Difference between expected and actual experience	(384,585)	-	(384,585)
Changes of assumptions	945,730	-	945,730
Contributions - employer	-	46,018	(46,018)
Net investment income	-	18,710	(18,710)
Administrative expenses	-	(878)	878
Benefit payments including refund of employee contributions	(46,018)	(46,018)	-
Net changes	679,171	17,832	661,339
Balance at November 30, 2018	\$ 2,342,433	\$ 370,509	\$ 1,971,924

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.14 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.14 percent) or 1-percentage-point higher (4.14 percent) than the current rate:

	1% Decrease (2.14%)	Current Discount Rate (3.14%)	1% Increase (4.14%)
City's net OPEB liability	\$ 2,410,346	\$ 1,971,924	\$ 1,624,458

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.5 percent for pre-Medicare or 7.0 percent for post-Medicare, decreasing to 4.5 percent, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
City's net OPEB liability	\$ 1,549,442	\$ 1,971,924	\$ 2,528,979

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by the City. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

For the year ended November 30, 2018, the City recognized OPEB expense of \$208,332. At November 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 342,322
Differences in assumptions	841,804	-
Net difference between projected and actual net investment income	-	456
Total	\$ 841,804	\$ 342,778

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE J—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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

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

Year Ending November 30,	Amount
2019	\$ 61,550
2020	61,550
2021	61,550
2022	61,550
2023	61,666
Thereafter	191,160

Payables to the OPEB Plan

At November 30, 2018, the City did not have a payable to the OPEB Plan.

Healthcare Savings Plan

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2018

NOTE K—CHANGE IN ACCOUNTING PRINCIPLE

The net position of the governmental activities, business-type activities, and also the Water and Sewer funds were restated effective December 1, 2017 to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. GASB Statement No. 75 changed how governments measure and report the long-term obligations and annual costs associated with postemployment benefits other than pensions that they provide.

The restatement of the beginning of the year net position is as follows:

	Governmental Activities	Business-type Activities	Sewer Fund	Water Fund
Net position at December 1, 2017	\$ 3,612,267	\$ 5,467,032	\$ 2,285,345	\$ 3,181,597
Net OPEB liability	(805,088)	(89,454)	(44,727)	(44,727)
Net position at December 1, 2017, as restated	\$ 2,807,179	\$ 5,377,578	\$ 2,240,618	\$ 3,136,870

NOTE L—UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the City’s 2020 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Roosevelt Park
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended November 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,561,050	\$ 1,543,790	\$ 1,540,370	\$ (3,420)
Licenses and permits	108,600	138,745	141,367	2,622
Intergovernmental revenues				
Federal	2,500	8,683	8,683	-
State	338,450	294,789	362,543	67,754
Charges for services	631,641	632,304	576,497	(55,807)
Fines and forfeitures	13,700	13,343	13,974	631
Investment earnings	2,200	1,700	8,476	6,776
Other	9,200	64,288	7,987	(56,301)
Total revenues	2,667,341	2,697,642	2,659,897	(37,745)
EXPENDITURES				
Current				
General government				
City Council	12,850	10,178	10,633	(455)
City manager	89,970	91,573	91,574	(1)
Clerk	27,920	38,652	40,000	(1,348)
Treasurer	78,340	63,808	64,751	(943)
Assessor	29,324	29,238	29,238	-
Attorney	48,000	59,311	64,738	(5,427)
Office operations	105,125	96,735	94,596	2,139
Personnel	235,340	214,479	214,479	-
City hall, garage and grounds	110,033	92,997	101,529	(8,532)
Public safety				
Police department	733,825	743,843	759,933	(16,090)
Fire department	225,000	225,000	225,000	-
Inspections	37,335	54,803	58,426	(3,623)
Public works				
Public service	351,380	334,173	338,119	(3,946)
Sidewalks	14,000	3,462	4,521	(1,059)
Sanitation	212,340	170,466	202,356	(31,890)
Culture and recreation				
Parks	43,200	26,868	55,745	(28,877)
Other governmental functions	20,321	22,369	22,368	1
Capital outlay	25,000	22,884	22,884	-
Total expenditures	2,399,303	2,300,839	2,400,890	(100,051)
Excess of revenues over (under) expenditures	268,038	396,803	259,007	(137,796)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	55,859	55,859
Transfers out	(250,513)	(250,513)	(250,313)	200
Total other financing sources (uses)	(250,513)	(250,513)	(194,454)	56,059
Net change in fund balance	\$ 17,525	\$ 146,290	64,553	\$ (81,737)
Fund balance at December 1, 2017			1,048,023	
Fund balance at November 30, 2018			\$ 1,112,576	

City of Roosevelt Park
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Major Streets Fund
 For the year ended November 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues - State	\$ 243,109	\$ 243,109	\$ 272,532	\$ 29,423
Investment earnings	-	-	367	367
Other	13,000	13,000	11,962	(1,038)
Total revenues	476,109	476,109	284,861	(191,248)
EXPENDITURES				
Current				
Public works	455,887	457,075	213,963	243,112
Net change in fund balance	\$ 20,222	\$ 19,034	70,898	\$ 51,864
Fund balance at December 1, 2017			358,667	
Fund balance at November 30, 2018			\$ 429,565	

City of Roosevelt Park
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Local Streets Fund
 For the year ended November 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues - State	\$ 90,806	\$ 90,806	\$ 143,371	\$ 52,565
Investment earnings	-	16	68	52
Total revenues	90,806	90,822	143,439	52,617
EXPENDITURES				
Current				
Public works	84,800	233,571	76,980	156,591
Net change in fund balance	\$ 6,006	\$ (142,749)	66,459	\$ 209,208
Fund balance at December 1, 2017			77,107	
Fund balance at November 30, 2018			\$ 143,566	

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 49,381	\$ 48,638	\$ 57,340	\$ 60,897
Interest	434,958	424,094	416,204	404,879
Differences between expected and actual experience	157,090	9,314	(108,872)	-
Changes in assumptions	-	-	234,908	-
Benefit payments, including refunds of employee contributions	<u>(348,872)</u>	<u>(344,362)</u>	<u>(333,547)</u>	<u>(319,896)</u>
Net change in total pension liability	292,557	137,684	266,033	145,880
Total pension liability at beginning of year	<u>5,586,717</u>	<u>5,449,033</u>	<u>5,183,000</u>	<u>5,037,120</u>
Total pension liability at end of year (a)	<u>\$ 5,879,274</u>	<u>\$ 5,586,717</u>	<u>\$ 5,449,033</u>	<u>\$ 5,183,000</u>
PLAN FIDUCIARY NET POSITION				
Contributions-employer	\$ 307,065	\$ 187,717	\$ 175,793	\$ 174,147
Net investment income	418,373	331,550	(46,155)	195,733
Benefit payments, including refunds of employee contributions	(348,872)	(344,362)	(333,547)	(319,896)
Administrative expenses	<u>(6,629)</u>	<u>(6,549)</u>	<u>(6,835)</u>	<u>(7,162)</u>
Net change in plan fiduciary net position	369,937	168,356	(210,744)	42,822
Plan fiduciary net position at beginning of year	<u>3,134,848</u>	<u>2,966,492</u>	<u>3,177,236</u>	<u>3,134,414</u>
Plan fiduciary net position at end of year (b)	<u>\$ 3,504,785</u>	<u>\$ 3,134,848</u>	<u>\$ 2,966,492</u>	<u>\$ 3,177,236</u>
City's net pension liability at end of year (a)-(b)	<u>\$ 2,374,489</u>	<u>\$ 2,451,869</u>	<u>\$ 2,482,541</u>	<u>\$ 2,005,764</u>
Plan fiduciary net position as a percentage of the total pension liability	59.61%	56.11%	54.44%	61.30%
Covered employee payroll	\$ 421,031	\$ 407,977	\$ 458,203	\$ 498,792
City's net pension liability as a percentage of covered employee payroll	563.97%	600.98%	541.80%	402.12%

Notes to Schedule

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 237,568	\$ 203,232	\$ 186,690	\$ 174,529	\$ 178,444	\$ 148,018	\$ 152,718	\$ 135,328	\$ 119,061	\$ 99,637
Contributions in relation to the actuarially determined contribution	237,568	303,232	186,690	174,529	178,444	148,018	152,718	135,328	119,061	99,637
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 421,031	\$ 407,977	\$ 458,203	\$ 498,792	\$ 483,433	\$ 478,580	\$ 506,249	\$ 629,711	\$ 590,239	\$ 608,648
Contributions as percentage of covered employee payroll	56.4%	74.3%	40.7%	35.0%	36.9%	30.9%	30.2%	21.5%	20.2%	16.4%

Notes to Schedule

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	21 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent, net of investment and administrative expenses
Retirement age	Varies depending on plan adoption
Mortality	50 percent Female/50 percent Male RP-2014 Group Annuity Mortality Table

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

	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 76,801
Interest	87,243
Differences between expected and actual experience	(384,585)
Changes of assumptions	945,730
Benefit payments, including refunds of employee contributions	(46,018)
Net change in total OPEB liability	679,171
Total OPEB liability at beginning of year	1,663,262
Total OPEB liability at end of year (a)	\$ 2,342,433
PLAN FIDUCIARY NET POSITION	
Contributions-employer	\$ 46,018
Net investment income	18,710
Benefit payments, including refunds or employee contributions	(46,018)
Administrative expense	(878)
Net change in plan fiduciary net position	17,832
Plan fiduciary net position at beginning of year	352,677
Plan fiduciary net position at end of year (b)	\$ 370,509
City's net OPEB liability at end of year (a)-(b)	\$ 1,971,924
Plan fiduciary net position as a percentage of the total OPEB liability	15.82%
Covered employee payroll	\$ 580,548
City's net OPEB liability as a percentage of covered employee payroll	339.67%

Notes to Schedule

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 202,978	\$ 214,085	\$ 184,012	\$ 148,428	\$ 137,982	\$ 117,085	\$ 101,326	\$ 95,090	\$ 88,781	\$ -
Contributions in relation to the actuarially determined contribution	46,018	147,144	41,076	63,784	49,506	45,793	49,815	54,416	194,776	-
Contribution deficiency (excess)	\$ 156,960	\$ 66,941	\$ 142,936	\$ 84,644	\$ 88,476	\$ 71,292	\$ 51,511	\$ 40,674	\$ (105,995)	\$ -
Covered employee payroll	\$ 580,584	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions as percentage of covered employee payroll	7.9%	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of November 30, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal (level percentage of compensation)

Amortization method Level percentage of payroll, Closed

Remaining amortization period 15 years

Asset valuation method Equal to market value of assets

Inflation 2.5 percent

Salary increases 2.0 percent

Investment rate of return 7.75 percent (including inflation), net of administrative and investment expenses

Retirement age 55 years of age

Mortality Mortality rates for police were as set forth in PUB Safety 2010 Employee and Healthy Retiree and for all others were as set forth in Public General 2010 Employee and Healthy Retiree.

OTHER SUPPLEMENTARY INFORMATION

City of Roosevelt Park
COMBINING BALANCE SHEET
 Other Governmental Funds
 November 30, 2018

	<u>Total Other Governmental Funds</u>	<u>Special Revenue Fund Roosevelt Park Day</u>	<u>Capital Projects Fund Roosevelt Road Construction</u>	<u>Debt Service Fund Roosevelt Road Debt Service</u>
ASSETS				
Cash and investments	\$ 26,856	\$ 26,856	\$ -	\$ -
FUND BALANCES				
Restricted				
Roosevelt Park Day	\$ 26,856	\$ 26,856	\$ -	\$ -

City of Roosevelt Park
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**
Other Governmental Funds
For the year ended November 30, 2018

	Total Other Governmental Funds	Special Revenue Fund Roosevelt Park Day	Capital Projects Fund Roosevelt Road Construction	Debt Service Fund Roosevelt Road Debt Service
REVENUES				
Investment earnings	\$ 1,653	\$ 30	\$ 1,623	\$ -
Other	13,503	13,503	-	-
Total revenues	15,156	13,533	1,623	-
EXPENDITURES				
Current				
Culture and recreation	12,057	12,057	-	-
Principal	155,000	-	-	155,000
Interest and fees	95,313	-	-	95,313
Capital outlay	287,831	-	287,831	-
Total expenditures	550,201	12,057	287,831	250,313
Excess of revenues over (under) expenditures	(535,045)	1,476	(286,208)	(250,313)
OTHER FINANCING SOURCES				
Transfers in	250,313	-	-	250,313
Net change in fund balances	(284,732)	1,476	(286,208)	-
Fund balances at December 1, 2017	311,588	25,380	286,208	-
Fund balances at November 30, 2018	\$ 26,856	\$ 26,856	\$ -	\$ -