

City of Roosevelt Park  
Muskegon County, Michigan

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

Year ended November 30, 2012

City of Roosevelt Park

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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, 2012. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the City of Roosevelt Park had total assets of \$11,637,990 and total liabilities of \$733,876 leaving net assets of \$10,904,114, an increase of 5.4% in the City's overall net assets.
- Of the total \$10,904,114 in net assets, the City may use \$3,222,240 (unrestricted net assets) to meet the ongoing obligations to citizens and creditors.
- Total revenues, including all program and general revenues, were \$4,523,919, and comprised of governmental revenues of \$2,808,409 and business-type revenues of \$1,715,510.
- Total expenses for all of the City's programs were \$3,968,847. Of that total, the governmental expenses were \$2,546,910 and the business-type expenses were \$1,421,937.
- The City's General Fund reported a total fund balance of \$884,565 at year-end, an increase of \$29,883 over the prior year. The ability to maintain fund balance in the General Fund is seen as critical to maintaining City activities and services in the immediate future.

### 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. Their purpose is to attempt to answer the question, is the City of Roosevelt Park, in its entirety, better or worse off as a result of this fiscal year's activities?

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 cultural and recreational 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 and Major 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 and Major Streets 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 assets for the City. As stated earlier, the net assets may be used as an indicator of a government's financial health. As of November 30, 2012, the City's net assets from governmental activities totaled \$5,475,466 (50%) and \$5,428,648 (50%) from business-type activities, creating a total government-wide net assets total of \$10,904,114. This is an increase of \$555,072 or 5.4% over 2011's totals.

In examining the composition of these net assets, the reader should note that governmental activities net assets are 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.* The unrestricted net assets for government-type activities actually depict a balance of \$1,062,957. This represents the amount of discretionary cash or investments that can be used for general governmental operations. The 2012 unrestricted net assets total is a decrease of \$163,781 from 2011.

The business-type activities show a total of \$5,428,648 in net assets and \$2,159,283 in unrestricted net assets. The Sewer Fund and Water Fund unrestricted net assets are \$753,833 (\$597,337 in 2011) and \$1,404,381 (\$1,231,525 in 2011), respectively. Unrestricted net assets in the Sewer and Water funds increased by 26% and 27% from the previous year, respectively.

The decrease in current assets and other assets for governmental activities occurred as the City spent resources on improvements to Glenside Boulevard and Woodside Road and purchased a new plow truck and some other equipment for the Department of Public Works. As a result of these projects, capital assets also increased.

Business-type current assets increased due to an increase in billing rates for sewer services in the prior year combined with higher usage and fewer repairs in both the water and sewer systems. There were also no capital additions in the current year.

### Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current assets and other assets	\$ 1,353,763	\$ 1,535,975	\$ 2,220,670	\$ 1,911,195	\$ 3,574,433	\$ 3,447,170
Capital assets	4,269,192	3,794,239	3,794,365	3,877,669	8,063,557	7,671,908
Total assets	5,622,955	5,330,214	6,015,035	5,788,864	11,637,990	11,119,078
Current liabilities	120,980	91,360	106,387	128,789	227,367	220,149
Noncurrent liabilities	26,509	24,887	480,000	525,000	506,509	549,887
Total liabilities	147,489	116,247	586,387	653,789	733,876	770,036
Net assets						
Invested in capital assets, net of related debt	4,269,192	3,794,239	3,269,365	3,307,669	7,538,557	7,101,908
Restricted	143,317	192,990	-	-	143,317	192,990
Unrestricted	1,062,957	1,226,738	2,159,283	1,827,406	3,222,240	3,054,144
Total net assets	\$ 5,475,466	\$ 5,213,967	\$ 5,428,648	\$ 5,135,075	\$ 10,904,114	\$ 10,349,042

# 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 assets.

### Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 699,358	\$ 650,643	\$ 1,713,046	\$ 1,547,148	\$ 2,412,404	\$ 2,197,791
Operating grants	292,577	287,758	-	-	292,577	287,758
Capital grants and contributions	339,357	6,907	-	-	339,357	6,907
General revenues						
Property taxes	1,096,674	1,128,474	-	-	1,096,674	1,128,474
Franchise fees	54,769	54,725	-	-	54,769	54,725
Grants and contributions not restricted	301,459	285,801	-	-	301,459	285,801
Unrestricted investment earnings	2,930	5,720	2,464	2,472	5,394	8,192
Miscellaneous	12,407	54,310	-	-	12,407	54,310
Gain on disposal of capital assets	8,878	-	-	-	8,878	-
<b>Total revenues</b>	<b>2,808,409</b>	<b>2,474,338</b>	<b>1,715,510</b>	<b>1,549,620</b>	<b>4,523,919</b>	<b>4,023,958</b>
<b>Expenses:</b>						
General government	615,958	648,880	-	-	615,958	648,880
Public safety	1,028,183	945,097	-	-	1,028,183	945,097
Public works	839,692	845,602	-	-	839,692	845,602
Culture and recreation	63,077	49,323	-	-	63,077	49,323
Sewer	-	-	770,634	714,994	770,634	714,994
Water	-	-	651,303	551,471	651,303	551,471
<b>Total expenses</b>	<b>2,546,910</b>	<b>2,488,902</b>	<b>1,421,937</b>	<b>1,266,465</b>	<b>3,968,847</b>	<b>3,755,367</b>
<b>Change in net assets</b>	<b>261,499</b>	<b>(14,564)</b>	<b>293,573</b>	<b>283,155</b>	<b>555,072</b>	<b>268,591</b>
Net assets - Beginning, as restated	5,213,967	5,228,531	5,135,075	4,851,920	10,349,042	10,080,451
<b>Net assets - Ending</b>	<b>\$ 5,475,466</b>	<b>\$ 5,213,967</b>	<b>\$ 5,428,648</b>	<b>\$ 5,135,075</b>	<b>\$ 10,904,114</b>	<b>\$ 10,349,042</b>

At year-end, on November 30, 2012, net assets increased by \$261,499 in governmental activities and increased by \$293,573 in business-type activities. This resulted in an increase of \$555,072 government-wide.

### **Governmental Activities**

For governmental activities overall revenue increased by \$334,071 from 2011. Most of this increase came from capital grants and contributions which included a grant for road improvements on Glenside Boulevard. Decreases in property taxes were offset by higher charges for services from permit activity and other areas and increased revenue sharing.

Expenses for all governmental functions increased by only \$58,008 as the City continued to work to contain costs wherever possible. Approximately \$43,000 of the increase was related to property tax refunds arising from tax tribunal settlements. Higher health insurance costs for employees were offset by the savings achieved from lower legal costs.

### **Business-type activities**

Charges for services increased \$223,906 due to a mid-year increase in sewer rates in the prior year combined with higher usage. Sewer and water expenses increased due to higher wholesale costs related to higher usage. There were no major repairs in the current 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 2012 fiscal year, the City governmental funds reported a combined unassigned fund balance of \$838,286, all of which is in the General Fund other than a small deficit in the Major Streets Fund. The remainder of the fund balance is nonspendable as it has been spent on prepaid items for the following year or is restricted for streets and highways or Roosevelt Park Day.

The General Fund is the chief operating fund of the City. The General Fund ended the year with a fund balance of \$884,565, an increase of \$29,883 from fiscal year 2011. The health of the General fund may be measured by the ratio of unassigned fund balance to annual expenditures and transfers. Unassigned fund balance represents 39% of the General Fund's expenditures and transfers (38% in the prior year). Transfers out of the General Fund were to assist with the repaving of Woodside Road.



**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 assets in the Sewer Fund and Water Fund increased by \$129,420 and \$161,628, respectively. The result was an overall net increase in the proprietary funds of \$291,048.

### General Fund Budget

At various times throughout any budget year, budget amendments are needed to reflect changing financial conditions and changes to financial policy.

The City did not have any significant budget adjustments this year as it only made a few minor amendments.

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

- Property taxes revenues were \$99,526 less than budgeted due to the continued decline in taxable values.
- State intergovernmental revenues were \$27,139 more than budgeted as state revenue sharing was higher than expected.
- Attorney expenditures were \$28,895 more than budgeted. The City has had unusually high attorney costs over the past couple of years and budgeted for a reduction in expenditures as many of these prior year issues were resolved. Expenditures were down significantly this year, but not as much as the City had anticipated.
- Police department expenditures were \$16,280 more than budgeted due to higher health insurance costs.
- Other governmental expenditures were \$41,727 more than budgeted due to property tax refunds required by tax tribunals.
- Transfers out were \$38,000 less than budgeted as the Local Streets Fund did not require as much assistance with repaving projects as anticipated.

**Capital Assets**

The City investment in capital assets for its governmental and business-type activities as of November 30, 2012 totaled \$7,671,908 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery, equipment, plants and vehicles.

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

- A section of Woodside Road was repaved at a cost of \$38,795.
- Phase III of the Glenside project was completed at a current year cost of \$493,242 and a total cost of \$533,034.
- A new plow truck was purchased for \$137,769.
- A new leaf vacuum was purchased for \$11,846.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 295,147	\$ 295,147	\$ 600	\$ 600	\$ 295,747	\$ 295,747
Construction in progress	-	39,792	-	-	-	39,792
Buildings and improvements	1,092,794	1,131,905	-	-	1,092,794	1,131,905
Vehicles and equipment	318,038	204,864	-	-	318,038	204,864
Infrastructure	2,563,213	2,122,531	-	-	2,563,213	2,122,531
Sewer system	-	-	2,019,605	2,065,180	2,019,605	2,065,180
Water system	-	-	1,774,160	1,811,889	1,774,160	1,811,889
<b>Total</b>	<b>\$ 4,269,192</b>	<b>\$ 3,794,239</b>	<b>\$ 3,794,365</b>	<b>\$ 3,877,669</b>	<b>\$ 8,063,557</b>	<b>\$ 7,671,908</b>

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

### Long-term Debt

At the end of the 2012 fiscal year, the City had total outstanding debt of \$581,509 consisting of bonds and compensated absences. The \$525,000 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			
	2012	2011	2012	2011	2012	2011
Compensated absences	\$ 56,509	\$ 40,887	\$ -	\$ -	\$ 56,509	\$ 40,887
General obligation bonds	-	-	525,000	570,000	525,000	570,000
Total	\$ 56,509	\$ 40,887	\$ 525,000	\$ 570,000	\$ 581,509	\$ 610,887

The City's total debt decreased by \$29,378 due to scheduled debt payments.

In addition to the City's debt, the City's DDA component unit had outstanding debt of \$1,133,300. This debt is secured by the limited full faith and credit of the City and is an important consideration in assessing the City's overall fiscal health.

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

### General Economic Overview

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

YEAR	TOTAL PROPERTY TAXES (percentage change)	STATE SHARED REVENUE (percentage change)
2012	\$ 1,096,674 (-2.8%)	\$ 305,343 (+5.4%)
2011	\$ 1,128,474 (-5.0%)	\$ 289,666 (+1.9%)
2010	\$ 1,187,913 (-3.5%)	\$ 284,299 (-4.9%)
2009	\$ 1,228,949 (-.05%)	\$ 298,156 (-10.3%)
2008	\$ 1,235,103 (+2.96%)	\$ 332,569 (-4.39%)
2007	\$ 1,199,484 (+3.00%)	\$ 347,843 (-1.48%)
2006	\$ 1,164,564 (+4.60%)	\$ 353,077 (-1.17%)
2005	\$ 1,113,254 (+4.39%)	\$ 357,274 (+4.4%)
2004	\$ 1,066,447 (+4.54%)	\$ 342,175 (-9.03%)
2003	\$ 1,020,109	\$ 376,159

The City has undertaken a number of measures in the recent past to create a budget that is reflective of the current times but also represents the needs of the community. Although staffing levels have been maintained since 2011, the expiration of the COPS grant will increase our personnel cost in 2013. All commodity and capital purchases continue to be carefully scrutinized in an attempt to determine necessity, or if a less expensive alternative exists. The City has budgeted for the capital purchase of a new police cruiser in 2013.

Increases in the cost of health insurance for both active employees and retirees continue to be a significant financial issue for this City. The costs for health insurance increased an additional 10-12% from 2012. Retiree cost sharing consisting of a 10% contribution has been implemented since 2011 and the City has adopted the hard cap provision to further alleviate the costs and to comply with the State's Economic Vitality Incentive Program (EVIP).

The total costs for the pension plan with MERS leveled off in 2012 and the City's cost for the MERS pension plan continues to be around \$135,000 annually. However, the financial impact of pension costs and legacy costs will continue to cause difficulties for City operations as revenues continue to decline.

There are no projects scheduled in 2013 that will impact the Major Street Fund. A project for the Local Street Fund will be determined by the Council in 2013.

### **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.

# BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

March 4, 2013

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, as of and for the year ended November 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Roosevelt Park's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, as of November 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages i through x and 30 through 32 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.

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City Council  
March 4, 2013  
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Roosevelt Park's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brickley De Long, P.C.*

City of Roosevelt Park  
**STATEMENT OF NET ASSETS (DEFICIT)**  
November 30, 2012

<b>ASSETS</b>				
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>	<b>Component unit</b>
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 1,215,151	\$ 1,762,076	\$ 2,977,227	\$ 167,836
Receivables	3,419	424,025	427,444	-
Due from other governmental units	84,817	-	84,817	-
Internal balances	(1,069)	1,069	-	-
Inventories	-	33,500	33,500	-
Prepaid items	38,956	-	38,956	-
	1,341,274	2,220,670	3,561,944	167,836
<b>NONCURRENT ASSETS</b>				
Capital assets, net				
Nondepreciable	295,147	600	295,747	133,071
Depreciable	3,974,045	3,793,765	7,767,810	-
Net other postemployment benefits asset	12,489	-	12,489	-
	4,281,681	3,794,365	8,076,046	133,071
Total assets	5,622,955	6,015,035	11,637,990	300,907
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	47,884	1,720	49,604	5,500
Due to other governmental units	43,096	59,667	102,763	72,537
Bonds and other obligations, due within one year	30,000	45,000	75,000	183,300
	120,980	106,387	227,367	261,337
<b>NONCURRENT LIABILITIES</b>				
Bonds and other obligations, less amounts due within one year	26,509	480,000	506,509	950,000
	147,489	586,387	733,876	1,211,337
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	4,269,192	3,269,365	7,538,557	94,771
Restricted for:				
Streets and highways	116,525	-	116,525	-
Roosevelt Park Day	26,792	-	26,792	-
Unrestricted	1,062,957	2,159,283	3,222,240	(1,005,201)
Total net assets (deficit)	<b>\$ 5,475,466</b>	<b>\$ 5,428,648</b>	<b>\$ 10,904,114</b>	<b>\$ (910,430)</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF ACTIVITIES**  
For the year ended November 30, 2012

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			Component unit
					Governmental activities	Business-type activities	Total	
Primary government								
Governmental activities								
General government	\$ 615,958	\$ 37,000	\$ -	\$ -	\$ (578,958)	\$ -	\$ (578,958)	\$ -
Public safety	1,028,183	158,578	57,487	-	(812,118)	-	(812,118)	-
Public works	839,692	498,873	228,465	339,357	227,003	-	227,003	-
Culture and recreation	63,077	4,907	6,625	-	(51,545)	-	(51,545)	-
Total governmental activities	2,546,910	699,358	292,577	339,357	(1,215,618)	-	(1,215,618)	-
Business-type activities								
Sewer	770,634	899,968	-	-	-	129,334	129,334	-
Water	651,303	813,078	-	-	-	161,775	161,775	-
Total business-type activities	1,421,937	1,713,046	-	-	-	291,109	291,109	-
Total primary government	<b>\$ 3,968,847</b>	<b>\$ 2,412,404</b>	<b>\$ 292,577</b>	<b>\$ 339,357</b>	(1,215,618)	291,109	(924,509)	-
Component unit								
Downtown Development Authority								
General government	\$ 104,787	\$ -	\$ -	\$ -	-	-	-	(104,787)
Public safety	80,000	-	-	-	-	-	-	(80,000)
Public works	68,012	-	-	-	-	-	-	(68,012)
Interest on long-term debt	67,916	-	-	-	-	-	-	(67,916)
Total component unit	<b>\$ 320,715</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	-	-	-	(320,715)
General revenues								
Property taxes					1,096,674	-	1,096,674	483,439
Franchise fees					54,769	-	54,769	-
Grants and contributions not restricted to specific programs					301,459	-	301,459	-
Unrestricted investment earnings					2,930	2,464	5,394	962
Miscellaneous					12,407	-	12,407	-
Gain on disposal of capital assets					8,878	-	8,878	-
Total general revenues					1,477,117	2,464	1,479,581	484,401
Change in net assets					261,499	293,573	555,072	163,686
Net assets (deficit) at December 1, 2011, as restated					5,213,967	5,135,075	10,349,042	(1,074,116)
Net assets (deficit) at November 30, 2012					<b>\$ 5,475,466</b>	<b>\$ 5,428,648</b>	<b>\$ 10,904,114</b>	<b>\$ (910,430)</b>

The accompanying notes are an integral part of this statement.



City of Roosevelt Park  
**BALANCE SHEET**  
 Governmental Funds  
 November 30, 2012

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 851,776	\$ -	\$ 131,091	\$ 982,867
Accounts receivable	419	-	3,000	3,419
Due from other governmental units	51,256	24,335	9,226	84,817
Due from other funds	30,460	-	-	30,460
Prepaid items	38,956	-	-	38,956
Total assets	<b>\$ 972,867</b>	<b>\$ 24,335</b>	<b>\$ 143,317</b>	<b>\$ 1,140,519</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 13,836	\$ 1,198	\$ -	\$ 15,034
Accrued liabilities	31,370	-	-	31,370
Due to other funds	-	30,460	-	30,460
Due to other governmental units	43,096	-	-	43,096
Total liabilities	88,302	31,658	-	119,960
Fund balances (deficit)				
Nonspendable:				
Prepaid items	38,956	-	-	38,956
Restricted for:				
Streets and highways	-	-	116,525	116,525
Roosevelt Park Day	-	-	26,792	26,792
Unassigned	845,609	(7,323)	-	838,286
Total fund balances (deficit)	884,565	(7,323)	143,317	1,020,559
Total liabilities and fund balances (deficit)	<b>\$ 972,867</b>	<b>\$ 24,335</b>	<b>\$ 143,317</b>	<b>\$ 1,140,519</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS**  
 November 30, 2012

Total fund balance—governmental funds		\$ 1,020,559
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	\$ 5,437,483	
Accumulated depreciation	<u>(1,314,062)</u>	4,123,421
Net other postemployment benefits are recorded as expenditures in the fund statements when paid, but are recorded as expenses in the government-wide statements when incurred.		
		12,489
Long-term liabilities in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		
Compensated absences		(56,509)
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 Assets.		
		<u>375,506</u>
Net assets of governmental activities in the Statement of Net Assets		<u><u>\$ 5,475,466</u></u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**  
 Governmental Funds  
 For the year ended November 30, 2012

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
<b>REVENUES</b>				
Property taxes	\$ 1,096,674	\$ -	\$ -	\$ 1,096,674
Licenses and permits	116,871	-	-	116,871
Intergovernmental revenues				
Federal	56,140	339,357	-	395,497
State	306,689	158,027	59,907	524,623
Charges for services	602,346	-	-	602,346
Fines and forfeitures	17,592	-	-	17,592
Investment earnings	2,595	-	144	2,739
Other	20,934	10,431	11,532	42,897
<b>Total revenues</b>	<b>2,219,841</b>	<b>507,815</b>	<b>71,583</b>	<b>2,799,239</b>
<b>EXPENDITURES</b>				
Current				
General government	522,695	-	-	522,695
Public safety	976,641	-	-	976,641
Public works	548,166	583,901	79,823	1,211,890
Culture and recreation	41,579	-	14,670	56,249
Other governmental functions	58,877	-	-	58,877
<b>Total expenditures</b>	<b>2,147,958</b>	<b>583,901</b>	<b>94,493</b>	<b>2,826,352</b>
Excess of revenues over (under) expenditures	71,883	(76,086)	(22,910)	(27,113)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	42,000	42,000
Transfers out	(42,000)	-	-	(42,000)
<b>Total other financing sources (uses)</b>	<b>(42,000)</b>	<b>-</b>	<b>42,000</b>	<b>-</b>
Net change in fund balances (deficit)	29,883	(76,086)	19,090	(27,113)
Fund balances at December 1, 2011	854,682	68,763	124,227	1,047,672
Fund balances (deficit) at November 30, 2012	<b>\$ 884,565</b>	<b>\$ (7,323)</b>	<b>\$ 143,317</b>	<b>\$ 1,020,559</b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT) TO THE STATEMENT OF ACTIVITIES**  
For the year ended November 30, 2012

Net change in fund balances—total governmental funds		\$ (27,113)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities, these costs are depreciated over their estimated useful lives.		
Depreciation expense	\$(198,162)	
Capital outlay	<u>532,037</u>	333,875
Other postemployment benefits are reported on the accrual method in the Statement of Activities and reported as expenditures when financial resources are used in the governmental funds.		
		(52,056)
Compensated absences are reported on the accrual method in the Statement of Activities and reported as expenditures when financial resources are used in the governmental funds.		
		(15,622)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The net change of the internal service funds is reported with governmental activities.		
		<u>22,415</u>
Change in net assets of governmental activities		<u><b>\$ 261,499</b></u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF NET ASSETS**  
Proprietary Funds  
November 30, 2012

	<b>Business-type Activities - Enterprise funds</b>			<b>Governmental</b>
	<b>Business-type Activities - Enterprise funds</b>			<b>Activities -</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	<b>Internal</b>
				<b>service</b>
				<b>funds</b>
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 580,099	\$ 1,181,977	\$ 1,762,076	\$ 232,284
Accounts receivable	210,791	213,234	424,025	-
Inventories	3,500	30,000	33,500	-
Total current assets	794,390	1,425,211	2,219,601	232,284
<b>NONCURRENT ASSETS</b>				
Capital assets				
Land	-	600	600	-
Utility systems	3,122,515	2,261,480	5,383,995	-
Buildings and improvements	-	16,029	16,029	-
Vehicles and equipment	-	-	-	640,378
Less accumulated depreciation	(1,102,910)	(503,349)	(1,606,259)	(494,607)
Total noncurrent assets	2,019,605	1,774,760	3,794,365	145,771
Total assets	2,813,995	3,199,971	6,013,966	378,055
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	1,720	-	1,720	1,480
Due to other governmental units	38,837	20,830	59,667	-
Bonds and other obligations, due within one year	18,500	26,500	45,000	-
Total current liabilities	59,057	47,330	106,387	1,480
<b>NONCURRENT LIABILITIES</b>				
Bonds and other obligations, less amounts due within one year	196,000	284,000	480,000	-
Total liabilities	255,057	331,330	586,387	1,480
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,805,105	1,464,260	3,269,365	145,771
Unrestricted	753,833	1,404,381	2,158,214	230,804
Total net assets	<b>\$ 2,558,938</b>	<b>\$ 2,868,641</b>	5,427,579	<b>\$ 376,575</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,069	
Net assets of business-type activities			<b>\$ 5,428,648</b>	

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
Proprietary Funds  
For the year ended November 30, 2012

	<b>Business-type Activities - Enterprise funds</b>			<b>Governmental Activities - Internal service funds</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	<b>funds</b>
<b>REVENUES</b>				
Charges for services	\$ 899,968	\$ 813,078	\$ 1,713,046	\$ 93,874
<b>OPERATING EXPENSES</b>				
Administration	135,105	122,209	257,314	14,081
Operations	581,430	467,954	1,049,384	58,722
Depreciation and amortization	45,576	49,763	95,339	5,301
Total operating expenses	762,111	639,926	1,402,037	78,104
Operating income	137,857	173,152	311,009	15,770
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	757	1,707	2,464	292
Gain on sale of capital assets	-	-	-	8,878
Interest expense	(9,194)	(13,231)	(22,425)	-
Total nonoperating revenues (expenses)	(8,437)	(11,524)	(19,961)	9,170
Change in net assets	129,420	161,628	291,048	24,940
Net assets at December 1, 2011, as restated	2,429,518	2,707,013		351,635
Net assets at November 30, 2012	<b>\$ 2,558,938</b>	<b>\$ 2,868,641</b>		<b>\$ 376,575</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			2,525	
Change in net assets of business-type activities			<b>\$ 293,573</b>	

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF CASH FLOWS**  
Proprietary Funds  
For the year ended November 30, 2012

	<b>Business-type Activities - Enterprise funds</b>			<b>Governmental Activities - Internal service funds</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 912,584	\$ 783,606	\$ 1,696,190	\$ -
Receipts from interfund services provided	-	-	-	93,874
Payments to suppliers	(692,998)	(561,402)	(1,254,400)	(47,340)
Payments to employees	(23,446)	(36,218)	(59,664)	(25,502)
Payment for interfund services used	(4,000)	(11,036)	(15,036)	-
Net cash provided by operating activities	<u>192,140</u>	<u>174,950</u>	<u>367,090</u>	<u>21,032</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	-	-	-	(149,615)
Principal paid on capital debt	(18,500)	(26,500)	(45,000)	-
Interest paid on capital debt	(9,194)	(13,231)	(22,425)	-
Proceeds from sale of capital assets	-	-	-	12,114
Net cash used for capital and related financing activities	<u>(27,694)</u>	<u>(39,731)</u>	<u>(67,425)</u>	<u>(137,501)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment earnings	757	1,707	2,464	292
Net increase (decrease) in cash and investments	<u>165,203</u>	<u>136,926</u>	<u>302,129</u>	<u>(116,177)</u>
Cash and investments at December 1, 2011	414,896	1,045,051	1,459,947	348,461
Cash and investments at November 30, 2012	<b><u>\$ 580,099</u></b>	<b><u>\$ 1,181,977</u></b>	<b><u>\$ 1,762,076</u></b>	<b><u>\$ 232,284</u></b>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 137,857	\$ 173,152	\$ 311,009	\$ 15,770
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization expense	45,576	49,763	95,339	5,301
Change in assets and liabilities				
Receivables, net	12,616	(29,472)	(16,856)	-
Accounts payable	1,344	-	1,344	(39)
Due to other governmental units	(5,253)	(18,493)	(23,746)	-
Net cash provided by operating activities	<b><u>\$ 192,140</u></b>	<b><u>\$ 174,950</u></b>	<b><u>\$ 367,090</u></b>	<b><u>\$ 21,032</u></b>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
November 30, 2012

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 1,396</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>\$ 1,396</u>

The accompanying notes are an integral part of this statement.



City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

**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 mayor and six-member City Council and is administered by a city manager appointed by the City Council. The accompanying financial statements present the government 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 government. The discretely presented component unit has a November 30 fiscal year end.

***Discretely Presented Component Unit***

*City of Roosevelt Park Downtown Development Authority.* The Authority'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.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect costs.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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

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 government 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.

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. 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 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 is used to account for gas and weight tax allocations to the City by the Michigan Department of Transportation for construction and maintenance of the City's major streets.

The City reports the following two major proprietary 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:

Internal Service Funds account for equipment management services provided to other funds of the government on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued***

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 and other charges between the City's water and sewer function 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 proprietary 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.

In the government-wide financial statements and proprietary fund types in the fund financial statements, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, when expenditures are incurred in governmental fund types for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the City's policy to consider that restricted amounts have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, it is the City's policy that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

***Assets, Liabilities and Net Assets or Equity***

**Deposits 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.

The City reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this standard, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standard also provides that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the City intends to hold the investment until maturity.

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 units' cash and investments are maintained within the City's investment pool.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

*Assets, Liabilities and Net Assets or Equity—Continued*

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 on each 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. Uncollectible 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 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 2011 state taxable value for real/personal property of the City totaled approximately \$112,000,000 of which approximately \$22,900,000 was captured by the component unit. The ad valorem taxes levied consisted of 11.6 mills for the City's operating purposes. This amount is recognized in the General Fund with captured amounts shown in the DDA component unit.

**Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

**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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

*Assets, Liabilities and Net Assets or Equity—Continued*

**Capital Assets—Continued**

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.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

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

**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.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental fund balance is presented in five possible categories:

- a. *Nonspendable*—resources which cannot be spent because they are either 1) not in spendable form or; 2) legally or contractually required to be maintained intact.
- b. *Restricted*—resources with constraints placed on the use of resources which are either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.
- c. *Committed*—resources which are subject to limitations the City imposes upon itself by action of the City Commission, and that remain binding unless the limitations are removed in the same manner.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

*Assets, Liabilities and Net Assets or Equity—Continued*

**Fund Equity—Continued**

- d. *Assigned*—resources neither restricted nor committed for which a City has a stated intended use as established by the City Council or the City Manager to which the City Council has delegated the authority to assign amounts for specific purposes through the City’s adopted fund balance policy.
- e. *Unassigned*—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**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 except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The City follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to the first Monday in September, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following December 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- c. Not later than September 30, the budget is legally enacted through passage of a resolution.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the City Council.

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 Council. The legal level of budgetary control is the department level. The City Council made several supplemental budgetary appropriations throughout the year.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

**Excess of Expenditure Over Appropriations**

During the year ended November 30, 2012, actual expenditures exceeded appropriations for:

	<u>Amended budget</u>	<u>Actual</u>
General Fund		
General government		
Attorney	\$ 35,000	\$ 63,895
Police department	703,100	719,380
Other governmental funtions	17,150	58,877

**Fund Deficit**

As of November 30, 2012, the Major Streets Fund had an unassigned fund deficit of \$7,323. The deficit will be eliminated through future operations.

**NOTE C—DEPOSITS AND INVESTMENTS**

As of November 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted average maturity (Months)</u>	<u>Moody's</u>	<u>Percent</u>
Money market mutual fund	\$ 474,376	n/a	AAA	100 %

**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, 2012, \$2,554,407 of the City's bank balance of \$2,804,407 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, 2012

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2012 was as follows:

	<b>Balance December 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2012</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 295,147	\$ -	\$ -	\$ 295,147
Construction in progress	39,792	-	39,792	-
Total capital assets, not being depreciate	334,939	-	39,792	295,147
<b>Capital assets, being depreciated:</b>				
Land improvements	49,534	-	-	49,534
Buildings and improvements	1,564,441	-	-	1,564,441
Vehicles and equipment	859,547	149,615	25,508	983,654
Infrastructure	2,613,256	571,829	-	3,185,085
Total capital assets, being depreciated	5,086,778	721,444	25,508	5,782,714
<b>Less accumulated depreciation:</b>				
Land improvements	49,534	-	-	49,534
Buildings and improvements	432,536	39,111	-	471,647
Vehicles and equipment	654,683	33,205	22,272	665,616
Infrastructure	490,725	131,147	-	621,872
Total accumulated depreciation	1,627,478	203,463	22,272	1,808,669
Total capital assets, being depreciated, net	3,459,300	517,981	3,236	3,974,045
Capital assets, net	<b>\$ 3,794,239</b>	<b>\$ 517,981</b>	<b>\$ 43,028</b>	<b>\$ 4,269,192</b>



City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance December 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2012</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 600	\$ -	\$ -	\$ 600
<b>Capital assets, being depreciated:</b>				
Sewer system	3,122,515	-	-	3,122,515
Water system	2,261,480	-	-	2,261,480
Buildings and improvements	16,029	-	-	16,029
Total capital assets, being depreciated	5,400,024	-	-	5,400,024
<b>Less accumulated depreciation:</b>				
Sewer system	1,057,334	45,576	-	1,102,910
Water system	449,592	37,728	-	487,320
Buildings and improvements	16,029	-	-	16,029
Total accumulated depreciation	1,522,955	83,304	-	1,606,259
Total capital assets, being depreciated, net	3,877,069	(83,304)	-	3,793,765
Capital assets, net	<b>\$ 3,877,669</b>	<b>\$ (83,304)</b>	<b>\$ -</b>	<b>\$ 3,794,365</b>

**Depreciation**

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$ 19,583
Public safety	15,295
Public works	152,508
Culture and recreation	10,776
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	5,301
	<b>\$ 203,463</b>

**Business-type activities:**

Sewer	\$ 45,576
Water	37,728
	<b>\$ 83,304</b>

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance December 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2012</b>
<b>Component unit activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 133,071	\$ -	\$ -	\$ 133,071

**NOTE E—BOND ISSUANCE COSTS**

Bond issuance cost activity for the year ended November 30, 2012 was as follows:

	<b>Balance December 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance November 30, 2012</b>
Business-type activities				
Bond issuance costs	\$ 21,512	\$ -	\$ -	\$ 21,512
Less accumulated amortization	9,477	12,035	-	21,512
Bond issuance costs, net	<b>\$ 12,035</b>	<b>\$ (12,035)</b>	<b>\$ -</b>	<b>\$ -</b>

**Amortization**

Amortization expense has been charged to water.

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

The composition of interfund balances as of November 30, 2012 is as follows:

**Due to/from other funds:**

The Major Streets Fund owes the General Fund \$30,460 as a result of having a negative position in the City's cash and investment pool.

**Interfund Transfers:**

The General Fund transferred \$42,000 to the Local Streets Fund to finance capital improvements.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

**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, 2012.

	<b>Balance December 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance November 30, 2012</b>	<b>Due within one year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 40,887	\$ 76,963	\$ 61,341	\$ 56,509	\$ 30,000
<b>Business-type activities:</b>					
General obligation bonds	\$ 570,000	\$ -	\$ 45,000	\$ 525,000	\$ 45,000
<b>Component unit:</b>					
General obligation bonds	\$ 1,195,000	\$ 1,095,000	\$ 1,195,000	\$ 1,095,000	\$ 145,000
Revenue notes	76,600	-	38,300	38,300	38,300
	<b>\$ 1,271,600</b>	<b>\$ 1,095,000</b>	<b>\$ 1,233,300</b>	<b>\$ 1,133,300</b>	<b>\$ 183,300</b>

**Business-type activities:**

**General obligation bonds:**

\$720,000 General Obligation Capital Improvement  
Bonds of 2007; payable in annual installments of  
\$45,000 to \$70,000 through April 2021; interest at  
rates varying from 4% to 4.38%

**\$ 525,000**

**Component unit:**

**General obligation bonds:**

\$1,095,000 Refunding General Obligation Limited Tax  
Bonds of 2002; payable in annual installments of  
\$145,000 to \$220,000 through October 2018;  
interest at 2.4%

\$ 1,095,000

**Revenue notes:**

\$114,900 Non-interest bearing Revenue Note of  
2010; payable in annual installments of \$38,300  
through October 2012

38,300

**\$ 1,133,300**

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

**NOTE G—LONG-TERM DEBT—Continued**

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, 2012 was \$936,313. The City is unaware of any circumstances that would cause a shortfall in the near future.

On August 15, 2012, the City issued \$1,095,000 of General Obligation Limited Tax Refunding Bonds of 2012 to refund the outstanding balance of the General Obligation Limited Tax Bonds of 2002. The City refunded the bonds to reduce its total debt service payments over the next six years by \$65,303 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$60,438.

Annual debt service requirements to maturity for debt outstanding as of November 30, 2012 follows:

<u>Year ending</u> <u>November 30,</u>	<u>Business-type activities</u>		<u>Component unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 45,000	\$ 20,625	\$ 183,300	\$ 29,638
2014	50,000	18,725	160,000	22,800
2015	50,000	16,725	180,000	18,960
2016	55,000	14,625	190,000	14,640
2017	60,000	12,325	200,000	10,080
2018-2022	265,000	23,475	220,000	5,280
	<b>\$ 525,000</b>	<b>\$ 106,500</b>	<b>\$ 1,133,300</b>	<b>\$ 101,398</b>

**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.

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

**NOTE H—OTHER INFORMATION—Continued**

**Contingent Liabilities**

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

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

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

**Pension Plan**

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

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

*Funding Policy.* Plan members are not required to contribute to the plan. The City is required to contribute at an actuarially-determined rate; the current rate is 14.77 to 18.34 percent of annual covered payroll depending on the Plan. The contributions requirement of plan members and the City are established and may be amended by MERS.

*Annual Pension Cost.* For the year ended November 30, 2012, the City’s annual pension cost was approximately \$153,000, which was equal to the City’s required and actual contribution.

**Three-Year Trend Information for MERS**

<u>Year ended</u>	<u>Approximate Annual Pension</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
11/30/10	\$ 119,000	100 %	\$ -
11/30/11	135,000	100	-
11/30/12	153,000	100	-

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

**Pension Plan—Continued**

The required contribution was determined by an actuarial valuation of the Plan as of December 31, 2009. The employer contribution rate has been determined using the entry age normal cost funding method. The actuarial assumptions included (a) 8 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 0 percent to 8.4 percent, and (c) 1 percent to 4.5 percent per year compounded annually attributable to inflation. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 27 years. This period will be reduced by one year in each of the next seven valuations until reaching 20 years after which the 20 year period will be reestablished with each annual actuarial valuation.

*Funding Status and Funding Progress.* As of November 30, 2010, the most recent actuarial valuation date, the plan was 68 percent funded. The actuarial accrued liability for benefits was approximately \$4,651,000, and the actuarial value of assets was approximately \$3,145,000, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,506,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$506,000, and the ratio of the UAAL to the covered payroll was 297 percent.

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

**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**

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

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

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

*Funding Policy.* The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended November 30, 2012, the City contributed \$49,815 to the Retiree Healthcare Plan, all of which were direct payments to retirees, which is 49% of the annual required contribution (ARC).

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

Annual required contribution	\$ 101,326
Interest on net OPEB obligation	(4,841)
Adjustment to annual required contribution	<u>5,386</u>
Net OPEB cost	101,871
Payments made to or on behalf of retirees	49,815
Contributions made to OPEB trust	<u>-</u>
Decrease in net OPEB asset	(52,056)
Net OPEB asset at beginning of year	<u>64,545</u>
Net OPEB asset at end of year	<u><u>\$ 12,489</u></u>

**Trend Information**

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
11/30/10	\$ 88,781	220 %	\$ 105,995
11/30/11	95,866	57	64,545
11/30/12	49,815	49	12,489

City of Roosevelt Park  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2012

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

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

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

The required contribution was determined as part of the November 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions (a) 7.5 percent investment rate of return (net of administrative expenses), (b) an annual healthcare trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after 4 years. Both rates include a 5 percent inflation assumption. The OPEB Plan's unfunded actuarial accrued liability is being amortized as a projected unit credit - level dollar on a closed basis. The remaining amortization period at November 2010 is 27 years.

*Funded Status and Progress.* As of November 2010, the most recent actuarial valuation date, the Retiree Healthcare Plan was 18 percent funded. The actuarial accrued liability for benefits was approximately \$847,000, and the actuarial value of assets was \$150,000, resulting in an unfunded actuarial liability (UAAL) of approximately \$697,000. The covered payroll (annual payroll of active employees covered by the Retiree Healthcare Plan) was approximately \$590,000, and the ratio of the UAAL to the covered payroll was 118 percent.

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

**NOTE J—PRIOR PERIOD ADJUSTMENT**

The net assets of the business-type activities and Water and Sewer funds were restated to reflect inventory which was not included in the prior year.

	<u>Business-type activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
Net assets at			
December 1, 2011	\$ 5,104,575	\$ 2,426,018	\$ 2,680,013
Inventory	30,500	3,500	27,000
Net assets at December 1, 2011, as restated	<u>\$ 5,135,075</u>	<u>\$ 2,429,518</u>	<u>\$ 2,707,013</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

City of Roosevelt Park  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended November 30, 2012

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,191,200	\$1,196,200	\$ 1,096,674	\$ (99,526)
Licenses and permits	110,200	113,950	116,871	2,921
Intergovernmental revenues				
Federal	48,500	48,500	56,140	7,640
State	279,250	279,550	306,689	27,139
Charges for services	609,980	609,980	602,346	(7,634)
Fines and forfeitures	20,000	20,600	17,592	(3,008)
Investment earnings	9,500	9,500	2,595	(6,905)
Other	21,400	21,500	20,934	(566)
	<hr/>			
Total revenues	2,290,030	2,299,780	2,219,841	(79,939)
<b>EXPENDITURES</b>				
Current				
General government				
City Council	13,750	13,750	10,694	3,056
City manager	93,135	93,135	94,946	(1,811)
Clerk	60,550	60,550	54,157	6,393
Treasurer	47,850	47,850	47,338	512
Assessor	33,100	33,100	27,773	5,327
Attorney	35,000	35,000	63,895	(28,895)
Office operations	117,500	117,000	106,766	10,234
Personnel	63,000	63,000	49,815	13,185
City hall, garage and grounds	80,700	80,700	67,311	13,389
Public safety				
Police department	709,900	703,100	719,380	(16,280)
Fire department	200,000	200,000	200,000	-
Inspections	52,400	52,400	57,261	(4,861)
Public works				
Public service	365,000	365,000	365,588	(588)
Sidewalks	5,000	5,000	4,267	733
Sanitation	183,000	183,000	178,311	4,689
Culture and recreation				
Parks	45,400	45,400	41,579	3,821
Other governmental functions	17,150	17,150	58,877	(41,727)
	<hr/>			
Total expenditures	2,122,435	2,115,135	2,147,958	(32,823)
	<hr/>			
Excess of revenues over (under) expenditures	167,595	184,645	71,883	(112,762)
<b>OTHER FINANCING USES</b>				
Transfers out	(80,000)	(80,000)	(42,000)	38,000
	<hr/>			
Net change in fund balance	<b>\$ 87,595</b>	<b>\$ 104,645</b>	29,883	<b>\$ (74,762)</b>
	<hr/>			
Fund balance at December 1, 2011			854,682	
	<hr/>			
Fund balance at November 30, 2012			<b>\$ 884,565</b>	
	<hr/>			

City of Roosevelt Park  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Major Streets Fund  
 For the year ended November 30, 2012

	<u>Budgeted amounts</u>		<u>Actual</u>	<b>Variance with final budget- positive (negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues				
Federal	\$ 369,000	\$ 369,000	\$ 339,357	\$ (29,643)
State	146,750	146,750	158,027	11,277
Investment earnings	1,000	1,000	-	(1,000)
Other	10,500	10,500	10,431	(69)
Total revenues	527,250	527,250	507,815	(19,435)
<b>EXPENDITURES</b>				
Current				
Public works	815,865	815,865	583,901	231,964
Net change in fund balance (deficit)	<u><u>\$ (288,615)</u></u>	<u><u>\$ (288,615)</u></u>	(76,086)	<u><u>\$ 212,529</u></u>
Fund balance at December 1, 2011			<u>68,763</u>	
Fund deficit at November 30, 2012			<u><u>\$ (7,323)</u></u>	

City of Roosevelt Park  
 Required Supplementary Information  
**SCHEDULE OF FUNDING PROGRESS**  
 For the year ended November 30, 2012

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

*(Dollar amounts in thousands)*

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
12/31/09	\$ 3,098	\$ 4,238	\$ 1,140	73 %	\$ 590	193 %
12/31/10	3,128	4,332	1,204	72	630	191
12/31/11	3,145	4,651	1,506	68	506	297

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

*(Dollar amounts in thousands)*

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
11/30/10	\$ 150	\$ 847	\$ 697	18 %	\$ 630	111 %

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

**OTHER SUPPLEMENTAL INFORMATION**

City of Roosevelt Park  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 November 30, 2012

	<b>Total other governmental funds</b>	<b>Special Revenue</b>	
		<b>Local Streets</b>	<b>Roosevelt Park Day</b>
<b>ASSETS</b>			
Cash and investments	\$ 131,091	\$ 107,299	\$ 23,792
Accounts receivable	3,000	-	3,000
Due from other governmental units	9,226	9,226	-
Total assets	<b>\$ 143,317</b>	<b>\$ 116,525</b>	<b>\$ 26,792</b>
 <b>FUND BALANCES</b>			
Restricted for:			
Streets and highways	\$ 116,525	\$ 116,525	\$ -
Roosevelt Park Day	26,792	-	26,792
Total fund balances	<b>\$ 143,317</b>	<b>\$ 116,525</b>	<b>\$ 26,792</b>

City of Roosevelt Park  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended November 30, 2012

	<b>Total other governmental funds</b>	<b>Special Revenue</b>	
		<b>Local Streets</b>	<b>Roosevelt Park Day</b>
<b>REVENUES</b>			
Intergovernmental revenues - State	\$ 59,907	\$ 59,907	\$ -
Investment earnings	144	101	43
Other	11,532	-	11,532
Total revenues	71,583	60,008	11,575
<b>EXPENDITURES</b>			
Current			
Public works	79,823	79,823	-
Culture and recreation	14,670	-	14,670
Total expenditures	94,493	79,823	14,670
Excess of revenues over (under) expenditures	(22,910)	(19,815)	(3,095)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	42,000	42,000	-
Net change in fund balances	19,090	22,185	(3,095)
Fund balances at December 1, 2011	124,227	94,340	29,887
Fund balances at November 30, 2012	<b>\$ 143,317</b>	<b>\$ 116,525</b>	<b>\$ 26,792</b>