

City of Roosevelt Park
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended November 30, 2013



City of Roosevelt Park

TABLE OF CONTENTS

Management’s Discussion and Analysis..... i - x

Independent Auditors’ Report..... 1

Basic Financial Statements

 Government-wide Financial Statements

 Statement of Net Position..... 3

 Statement of Activities 4

 Fund Financial Statements

 Governmental Funds

 Balance Sheet..... 5

 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position 6

 Statement of Revenues, Expenditures and Changes
 in Fund Balances..... 7

 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of
 Activities 8

 Proprietary Funds

 Statement of Net Position..... 9

 Statement of Revenues, Expenses and Changes in Net Position 10

 Statement of Cash Flows..... 11

 Statement of Fiduciary Assets and Liabilities 12

 Notes to Financial Statements 13

Required Supplementary Information

 Budgetary Comparison Schedule—General Fund..... 31

 Schedule of Funding Progress 32

Other Supplemental Information

 Other Governmental Funds

 Combining Balance Sheet 34

 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances (Deficits)..... 35

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, 2013. 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 \$11,600,561 and total liabilities of \$812,865 leaving net position of \$10,787,696, a decrease of 1.1% in the City's overall net position.
- Of the total \$10,787,696 in net position, the City may use \$3,034,297 (unrestricted net position) to meet the ongoing obligations to citizens and creditors.
- Total revenues, including all program and general revenues, were \$4,155,612, and comprised of governmental revenues of \$2,558,551 and business-type revenues of \$1,597,061.
- Total expenses for all of the City's programs were \$4,272,030. Of that total, the governmental expenses were \$2,704,287 and the business-type expenses were \$1,567,743.
- The City's General Fund reported a total fund balance of \$749,552 at year-end, a decrease of \$135,013 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.

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

The first table presented on the next page is a summary of the government-wide statement of net position for the City. As stated earlier, the net position may be used as an indicator of a government's financial health. As of November 30, 2013, the City's net position from governmental activities totaled \$5,329,730 (49%) and \$5,457,966 (51%) from business-type activities, creating a total government-wide net position total of \$10,787,696. This is a decrease of \$116,418 or 1.1% over 2012's totals.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., streets, buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the City's residents, and they are not available to pay salaries, operational expenses or fund capital projects. The unrestricted net position for government-type activities actually depicts a balance of \$807,391. This represents the amount of discretionary cash or investments that can be used for general governmental operations. The 2013 unrestricted net position total is a decrease of \$255,566 from 2012.

The business-type activities show a total of \$5,457,966 in net position and \$2,226,906 in unrestricted net position. The Sewer Fund and Water Fund unrestricted net position are \$719,289 (\$753,833 in 2012) and \$1,506,502 (\$1,404,381 in 2012), respectively. Unrestricted net position in the Sewer and Water funds decreased by 5% and increased by 7% from the previous year, respectively.

The decrease in current assets and other assets for governmental activities occurred as the City spent resources on a new trackless tractor and some other equipment for the Department of Public Works. As a result of these purchases, capital assets also increased. The City also purchased three new police cruisers using a capital lease to finance the purchase which increased both capital assets and noncurrent liabilities.

Business-type noncurrent liabilities decreased due to scheduled debt payments. There were also no capital additions in the current year.

Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current assets and other						
assets	\$ 1,192,015	\$ 1,353,763	\$ 2,288,322	\$ 2,220,670	\$ 3,480,337	\$ 3,574,433
Capital assets	4,409,164	4,269,192	3,711,060	3,794,365	8,120,224	8,063,557
Total assets	5,601,179	5,622,955	5,999,382	6,015,035	11,600,561	11,637,990
Current liabilities	147,191	120,980	111,416	106,387	258,607	227,367
Noncurrent liabilities	124,258	26,509	430,000	480,000	554,258	506,509
Total liabilities	271,449	147,489	541,416	586,387	812,865	733,876
Net position						
Net investment in						
capital assets	4,332,733	4,269,192	3,231,060	3,269,365	7,563,793	7,538,557
Restricted	189,606	143,317	-	-	189,606	143,317
Unrestricted	807,391	1,062,957	2,226,906	2,159,283	3,034,297	3,222,240
Total net position	\$ 5,329,730	\$ 5,475,466	\$ 5,457,966	\$ 5,428,648	\$ 10,787,696	\$ 10,904,114

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	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 720,684	\$ 699,358	\$ 1,596,051	\$ 1,713,046	\$ 2,316,735	\$ 2,412,404
Operating grants	243,691	292,577	-	-	243,691	292,577
Capital grants and contributions	142,626	339,357	-	-	142,626	339,357
General revenues						
Property taxes	1,049,071	1,096,674	-	-	1,049,071	1,096,674
Franchise fees	56,317	54,769	-	-	56,317	54,769
Grants and contributions not restricted	310,593	301,459	-	-	310,593	301,459
Unrestricted investment earnings	3,082	2,930	1,010	2,464	4,092	5,394
Miscellaneous	16,176	12,407	-	-	16,176	12,407
Gain on disposal of capital assets	16,311	8,878	-	-	16,311	8,878
Total revenues	2,558,551	2,808,409	1,597,061	1,715,510	4,155,612	4,523,919
Expenses:						
General government	551,803	615,958	-	-	551,803	615,958
Public safety	1,101,505	1,028,183	-	-	1,101,505	1,028,183
Public works	972,338	839,692	-	-	972,338	839,692
Culture and recreation	78,641	63,077	-	-	78,641	63,077
Sewer	-	-	928,806	770,634	928,806	770,634
Water	-	-	638,937	651,303	638,937	651,303
Total expenses	2,704,287	2,546,910	1,567,743	1,421,937	4,272,030	3,968,847
Change in net position	(145,736)	261,499	29,318	293,573	(116,418)	555,072
Net position - Beginning	5,475,466	5,213,967	5,428,648	5,135,075	10,904,114	10,349,042
Net position - Ending	\$ 5,329,730	\$ 5,475,466	\$ 5,457,966	\$ 5,428,648	\$ 10,787,696	\$ 10,904,114

At year-end, on November 30, 2013, net position decreased by \$145,736 in governmental activities and increased by \$29,318 in business-type activities. This resulted in a decrease of \$116,418 government-wide.

Governmental Activities

For governmental activities overall revenue decreased by \$249,858 from 2012. Most of this decrease came from capital grants as there were fewer grant-funded projects scheduled in 2013. A continued decrease in property taxes also occurred in 2013 due to declining taxable value.

Expenses for all governmental functions increased by a total of \$157,377 in 2013. The overall expenses for public safety increased by \$73,322 and Public Works increased by \$132,646 in 2013. The increases in public safety are attributed to higher health insurance costs and costs associated with the capital lease agreement for three new cruisers. Increases in sanitation (equipment rental) costs and the depreciation on several recently purchased pieces of equipment caused the majority of the increase for public works. The increases are off-set slightly by a reduction in general government expenses from 2012 to 2013.

Business-type activities

In 2013, the overall charges for services decreased by \$116,995 in 2013 due to less water being used for irrigation purposes. 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 2013 fiscal year, the City governmental funds reported a combined unassigned fund balance of \$715,582, all of which is in the General Fund. The remainder of the fund balance is nonspendable as it has been spent on prepaid items for the following year or is restricted for streets and highways or Roosevelt Park Day.

The General Fund is the chief operating fund of the City. The General Fund ended the year with a fund balance of \$749,552, a decrease of \$135,013 from fiscal year 2012. 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 29% of the General Fund's expenditures and transfers in 2013 (39% in the prior year). Transfers out of the General Fund in 2013 were to eliminate a prior-year fund deficit of \$7,323 in the Major Streets Fund.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Sewer Fund and Water Fund decreased by \$61,621 and increased by \$90,893, respectively. The result was an overall net increase in the proprietary funds of \$29,272.

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 \$70,999 less than budgeted due to the continued decline in taxable values and adjustments from tax tribunals.
- State intergovernmental revenues were \$29,640 more than budgeted due to higher than expected constitutional revenue sharing and EVIP payments.
- Clerk expenditures were \$16,285 less than budgeted due to the restructuring of the position.
- Police department expenditures were \$42,535 more than budgeted due to higher health insurance costs and an increase in overtime.
- Sanitation expenditures were \$17,539 more than budgeted due to a significant increase in heavy item removal costs compared to previous years.
- Principal expenditures were \$22,257 more than budgeted as the City did not budget for the first principal payment of a new capital lease.
- Capital outlay expenditures and long-term debt issued were more than budgeted as the City did not budget for new capital lease.
- Transfers out were \$20,000 less than budgeted as the city did not proceed with a street project in the Local Streets Fund for 2013.

Capital Assets

The City investment in capital assets for its governmental and business-type activities as of November 30, 2013 totaled \$8,120,224 (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:

- Three new police cruisers were purchased with a capital lease for \$96,508. Camera systems were also purchased for the cruisers for \$20,750.
- New accounting software was purchased for \$24,820.
- Tennis courts and fences were upgraded for \$62,189.

- A new trackless tractor used for plowing sidewalks was purchased for \$100,700.
- A new mower was purchased for \$12,835.
- The Downtown Development Authority donated \$99,890 in sidewalk improvements on Norton Avenue to the City.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 295,147	\$ 295,147	\$ 600	\$ 600	\$ 295,747	\$ 295,747
Land improvements	61,244	-	-	-	61,244	-
Buildings and improvements	1,053,683	1,092,794	-	-	1,053,683	1,092,794
Vehicles and equipment	496,492	318,038	-	-	496,492	318,038
Infrastructure	2,502,598	2,563,213	-	-	2,502,598	2,563,213
Sewer system	-	-	1,974,028	2,019,605	1,974,028	2,019,605
Water system	-	-	1,736,432	1,774,160	1,736,432	1,774,160
Total	\$ 4,409,164	\$ 4,269,192	\$ 3,711,060	\$ 3,794,365	\$ 8,120,224	\$ 8,063,557

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 2013 fiscal year, the City had total outstanding debt of \$660,397 consisting of installment purchase agreements, capital leases, compensated absences, general obligation bonds, and other postemployment benefits. The \$480,000 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			
	2013	2012	2013	2012	2013	2012
Installment purchase agreements	\$ 15,763	\$ -	\$ -	\$ -	\$ 15,763	\$ -
Capital leases	60,668	-	-	-	60,668	-
Compensated absences	44,973	56,509	-	-	44,973	56,509
General obligation bonds	-	-	480,000	525,000	480,000	525,000
Other postemployment benefits	58,993	-	-	-	58,993	-
Total	\$ 180,397	\$ 56,509	\$ 480,000	\$ 525,000	\$ 660,397	\$ 581,509

The City's total debt increased by \$78,888 due to a new capital lease for three police cruisers and an installment purchase agreement for accounting software. The City also did not fully fund its annual required contribution for its other postemployment benefits and therefore recorded a liability.

In addition to the City's debt, the City's DDA component unit had outstanding debt of \$950,000 for the Broadway streetscape project. This debt is secured by the limited full faith and credit of the City and is an important consideration in assessing the City's overall fiscal health.

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

General Economic Overview

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

<u>YEAR</u>	<u>TOTAL PROPERTY TAXES</u> <u>(percentage change)</u>	<u>STATE SHARED REVENUE</u> <u>(percentage change)</u>
2013	\$ 1,049,071 (- 4.3%)	\$ 310,593 (+1.7)
2012	\$ 1,096,674 (-2.8%)	\$ 305,343 (+5.4%)
2011	\$ 1,128,474 (-5.0%)	\$ 289,666 (+1.9%)
2010	\$ 1,187,913 (-3.5%)	\$ 284,299 (-4.9%)
2009	\$ 1,228,949 (-.05%)	\$ 298,156 (-10.3%)
2008	\$ 1,235,103 (+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	\$ 342,175

For fiscal year 2014, the City has conservatively budgeted no increase in revenue sharing. However, it is possible that a small increase could occur. The City has also budgeted no increase in property tax revenues due to flat taxable values. No other significant changes are expected in General Fund revenues.

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. The City also has to consider flat revenues and has accordingly worked to maintain services while reducing costs. Therefore, the City's fiscal 2014 budget for operations in the General Fund is approximately the same as last year.

The City has budgeted for improvements of \$28,000 for the Delmar Playfield with approximately \$16,000 coming from a grant and the remainder coming from the General Fund. The City also has budgeted for the police cruiser capital purchase lease agreement payment and an installment loan payment in the General Fund. No other capital projects are expected in the General Fund in fiscal 2014.

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 to further alleviate the costs and to comply with the State's Economic Vitality Incentive Program (EVIP). The financial impact for implementing the Affordable Health Care Act is unknown at this time but should not significantly impact the City until fiscal 2015.

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

There are no projects scheduled in 2014 that will impact the Major Street Fund or the Local Street Fund. No significant projects are planned in the Water and Sewer funds but fire hydrant maintenance and the replacement of a few water main valves are planned.

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 14, 2014

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, 2013, and the notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

City Council
March 14, 2014
Page 2

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and schedule of funding progress on pages i through x and 31 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.

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

City of Roosevelt Park
STATEMENT OF NET POSITION
November 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Current assets				
Cash and investments	\$ 1,063,158	\$ 1,837,947	\$ 2,901,105	\$ 18,646
Receivables	6,432	414,760	421,192	-
Due from other governmental units	89,570	-	89,570	-
Internal balances	(1,115)	1,115	-	-
Inventories	-	34,500	34,500	-
Prepaid items	33,970	-	33,970	-
Total current assets	1,192,015	2,288,322	3,480,337	18,646
Noncurrent assets				
Capital assets, net				
Nondepreciable	295,147	600	295,747	133,071
Depreciable	4,114,017	3,710,460	7,824,477	-
Total noncurrent assets	4,409,164	3,711,060	8,120,224	133,071
Total assets	5,601,179	5,999,382	11,600,561	151,717
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	91,052	323	91,375	3,800
Due to other governmental units	-	61,093	61,093	-
Bonds and other obligations, due within one year	56,139	50,000	106,139	160,000
Total current liabilities	147,191	111,416	258,607	163,800
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	124,258	430,000	554,258	790,000
Total liabilities	271,449	541,416	812,865	953,800
NET POSITION				
Net investment in capital assets	4,332,733	3,231,060	7,563,793	133,071
Restricted				
Streets and highways	160,540	-	160,540	-
Roosevelt Park Day	29,066	-	29,066	-
Unrestricted	807,391	2,226,906	3,034,297	(935,154)
Total net position	\$ 5,329,730	\$ 5,457,966	\$ 10,787,696	\$ (802,083)

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF ACTIVITIES
For the year ended November 30, 2013

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 551,803	\$ 37,460	\$ -	\$ -	\$ (514,343)	\$ -	\$ (514,343)	\$ -
Public safety	1,101,505	165,541	1,307	-	(934,657)	-	(934,657)	-
Public works	972,338	511,043	234,164	99,890	(127,241)	-	(127,241)	-
Culture and recreation	78,641	6,640	8,220	42,736	(21,045)	-	(21,045)	-
Total governmental activities	2,704,287	720,684	243,691	142,626	(1,597,286)	-	(1,597,286)	-
Business-type activities								
Sewer	928,806	866,890	-	-	-	(61,916)	(61,916)	-
Water	638,937	729,161	-	-	-	90,224	90,224	-
Total business-type activities	1,567,743	1,596,051	-	-	-	28,308	28,308	-
Total primary government	\$ 4,272,030	\$ 2,316,735	\$ 243,691	\$ 142,626	(1,597,286)	28,308	(1,568,978)	-
Component unit								
Downtown Development Authority								
General government	\$ 36,796	\$ -	\$ -	\$ -	-	-	-	(36,796)
Public safety	80,000	-	-	-	-	-	-	(80,000)
Public works	168,780	-	-	-	-	-	-	(168,780)
Interest on long-term debt	27,938	-	-	-	-	-	-	(27,938)
Total component unit	\$ 313,514	\$ -	\$ -	\$ -	-	-	-	(313,514)
General revenues								
Property taxes					1,049,071	-	1,049,071	420,954
Franchise fees					56,317	-	56,317	-
Grants and contributions not restricted to specific programs					310,593	-	310,593	-
Unrestricted investment earnings					3,082	1,010	4,092	632
Miscellaneous					16,176	-	16,176	275
Gain on disposal of capital assets					16,311	-	16,311	-
Total general revenues					1,451,550	1,010	1,452,560	421,861
Change in net position					(145,736)	29,318	(116,418)	108,347
Net position at December 1, 2012					5,475,466	5,428,648	10,904,114	(910,430)
Net position at November 30, 2013					\$ 5,329,730	\$ 5,457,966	\$ 10,787,696	\$ (802,083)

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
BALANCE SHEET
 Governmental Funds
 November 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 740,837	\$ 156,193	\$ 897,030
Accounts receivable	6,082	350	6,432
Due from other governmental units	55,108	34,462	89,570
Prepaid items	33,970	-	33,970
Total assets	\$ 835,997	\$ 191,005	\$ 1,027,002
LIABILITIES			
Accounts payable	\$ 51,402	\$ 1,399	\$ 52,801
Accrued liabilities	35,043	-	35,043
Total liabilities	86,445	1,399	87,844
FUND BALANCES			
Nonspendable - prepaid items	33,970	-	33,970
Restricted			
Streets and highways	-	160,540	160,540
Roosevelt Park Day	-	29,066	29,066
Unassigned	715,582	-	715,582
Total fund balances	749,552	189,606	939,158
Total liabilities and fund balances	\$ 835,997	\$ 191,005	\$ 1,027,002

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, 2013

Total fund balance—governmental funds		\$ 939,158
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 are, therefore, are not reported in the governmental funds.		
Cost of capital assets	\$ 5,657,997	
Accumulated depreciation	<u>(1,476,693)</u>	4,181,304
Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable	(76,431)	
Compensated absences	(44,973)	
Other postemployment benefits	<u>(58,993)</u>	(180,397)
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	390,780	
Internal balances representing the cumulative differences between actual costs and amounts charged to business-type activities	<u>(1,115)</u>	<u>389,665</u>
Net position of governmental activities		<u>\$ 5,329,730</u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended November 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,049,071	\$ -	\$ 1,049,071
Licenses and permits	124,972	-	124,972
Intergovernmental revenues			
Federal	42,736	-	42,736
State	315,140	222,275	537,415
Charges for services	613,378	-	613,378
Fines and forfeitures	19,107	-	19,107
Investment earnings	3,009	63	3,072
Other	25,841	26,701	52,542
Total revenues	<u>2,193,254</u>	<u>249,039</u>	<u>2,442,293</u>
EXPENDITURES			
Current			
General government	501,588	-	501,588
Public safety	1,046,476	-	1,046,476
Public works	586,079	190,149	776,228
Culture and recreation	54,366	12,601	66,967
Other governmental functions	16,099	-	16,099
Debt service - principal	22,257	-	22,257
Capital outlay	204,267	-	204,267
Total expenditures	<u>2,431,132</u>	<u>202,750</u>	<u>2,633,882</u>
Excess of revenues over (under) expenditures	(237,878)	46,289	(191,589)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	11,500	-	11,500
Long-term debt issued	98,688	-	98,688
Transfers in	-	7,323	7,323
Transfers out	(7,323)	-	(7,323)
Total other financing sources (uses)	<u>102,865</u>	<u>7,323</u>	<u>110,188</u>
Net change in fund balances	(135,013)	53,612	(81,401)
Fund balances at December 1, 2012	884,565	135,994	1,020,559
Fund balances at November 30, 2013	<u>\$ 749,552</u>	<u>\$ 189,606</u>	<u>\$ 939,158</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, 2013

Net change in fund balances—total governmental funds \$ (81,401)

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	\$ (237,369)	
Capital outlay	<u>204,267</u>	(33,102)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) on net position.

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining undepreciated cost of the capital assets sold.	(8,905)	
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Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	<u>99,890</u>	90,985
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The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(98,688)	
Repayment of principal on long-term debt	<u>22,257</u>	(76,431)

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

Change in other postemployment benefits	(71,482)	
Change in compensated absences	<u>11,536</u>	(59,946)

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	14,205	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(46)</u>	<u>14,159</u>

Change in net position of governmental activities	<u><u>\$ (145,736)</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, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
ASSETS				
Current assets				
Cash and investments	\$ 529,103	\$ 1,308,844	\$ 1,837,947	\$ 166,128
Accounts receivable	230,097	184,663	414,760	-
Inventories	3,500	31,000	34,500	-
Total current assets	<u>762,700</u>	<u>1,524,507</u>	<u>2,287,207</u>	<u>166,128</u>
Noncurrent assets				
Capital assets				
Land	-	600	600	-
Utility systems	3,122,515	2,261,480	5,383,995	-
Buildings and improvements	-	16,029	16,029	-
Vehicles and equipment	-	-	-	650,312
Less accumulated depreciation	(1,148,487)	(541,077)	(1,689,564)	(422,452)
Total noncurrent assets	<u>1,974,028</u>	<u>1,737,032</u>	<u>3,711,060</u>	<u>227,860</u>
Total assets	<u>2,736,728</u>	<u>3,261,539</u>	<u>5,998,267</u>	<u>393,988</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	323	323	3,208
Due to other governmental units	43,411	17,682	61,093	-
Bonds and other obligations, due within one year	20,500	29,500	50,000	-
Total current liabilities	<u>63,911</u>	<u>47,505</u>	<u>111,416</u>	<u>3,208</u>
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	<u>175,500</u>	<u>254,500</u>	<u>430,000</u>	<u>-</u>
Total liabilities	<u>239,411</u>	<u>302,005</u>	<u>541,416</u>	<u>3,208</u>
NET POSITION				
Net investment in capital assets	1,778,028	1,453,032	3,231,060	227,860
Unrestricted	719,289	1,506,502	2,225,791	162,920
Total net position	<u>\$ 2,497,317</u>	<u>\$ 2,959,534</u>	5,456,851	<u>\$ 390,780</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			<u>1,115</u>	
Net position of business-type activities			<u>\$ 5,457,966</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, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
OPERATING REVENUES				
Charges for services	\$ 866,890	\$ 729,161	\$ 1,596,051	\$ 134,207
OPERATING EXPENSES				
Administration	128,935	106,994	235,929	20,074
Operations	745,850	482,080	1,227,930	82,256
Depreciation	45,577	37,728	83,305	31,446
Total operating expenses	<u>920,362</u>	<u>626,802</u>	<u>1,547,164</u>	<u>133,776</u>
Operating income (loss)	(53,472)	102,359	48,887	431
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	307	703	1,010	58
Gain on sale of capital assets	-	-	-	13,716
Interest expense	(8,456)	(12,169)	(20,625)	-
Total nonoperating revenues (expenses)	<u>(8,149)</u>	<u>(11,466)</u>	<u>(19,615)</u>	<u>13,774</u>
Change in net position	(61,621)	90,893	29,272	14,205
Net position at December 1, 2012	<u>2,558,938</u>	<u>2,868,641</u>		<u>376,575</u>
Net position at November 30, 2013	<u>\$ 2,497,317</u>	<u>\$ 2,959,534</u>		<u>\$ 390,780</u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			<u>46</u>	
Change in net position of business-type activities			<u>\$ 29,318</u>	

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF CASH FLOWS
Proprietary Funds
For the year ended November 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 847,584	\$ 757,732	\$ 1,605,316	\$ -
Receipts from interfund services provided	-	-	-	134,207
Payments to suppliers	(843,808)	(551,439)	(1,395,247)	(58,016)
Payments to employees	(24,123)	(31,178)	(55,301)	(42,586)
Payment for interfund services used	(4,000)	(10,282)	(14,282)	-
Net cash provided by (used for) operating activities	(24,347)	164,833	140,486	33,605
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(113,535)
Principal paid on capital debt	(18,500)	(26,500)	(45,000)	-
Interest paid on capital debt	(8,456)	(12,169)	(20,625)	-
Proceeds from sale of capital assets	-	-	-	13,716
Net cash used for capital and related financing activities	(26,956)	(38,669)	(65,625)	(99,819)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment earnings	307	703	1,010	58
Net increase (decrease) in cash and investments	(50,996)	126,867	75,871	(66,156)
Cash and investments at December 1, 2012	580,099	1,181,977	1,762,076	232,284
Cash and investments at November 30, 2013	\$ 529,103	\$ 1,308,844	\$ 1,837,947	\$ 166,128
Reconciliation of operating income to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (53,472)	\$ 102,359	\$ 48,887	\$ 431
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	45,577	37,728	83,305	31,446
Change in assets and liabilities				
Accounts receivable	(19,306)	28,571	9,265	-
Inventories	-	(1,000)	(1,000)	-
Accounts payable	(1,720)	323	(1,397)	1,728
Due to other governmental units	4,574	(3,148)	1,426	-
Net cash provided by (used for) operating activities	\$ (24,347)	\$ 164,833	\$ 140,486	\$ 33,605

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Fiduciary Funds
November 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 16,209</u>
LIABILITIES	
Due to other governmental units	<u>\$ 16,209</u>

The accompanying notes are an integral part of this statement.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

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, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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

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

The City reports the following major governmental fund:

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

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, 2013

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 all such items regardless of their acquisition date or amount. The City was able to obtain the historical cost of the initial reporting of these assets by recording the actual costs incurred by the City.

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, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

The 2012 state taxable value for real/personal property of the City totaled approximately \$105,000,000 of which approximately \$19,900,000 was captured by the component unit. The ad valorem taxes levied consisted of 11.6 mills for operations. These amounts are recognized in the General Fund with captured amounts shown in the DDA component unit.

Compensated Absences

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess of Expenditure Over Appropriations

During the year ended November 30, 2013, actual expenditures exceeded appropriations for:

	<u>Amended Budget</u>	<u>Actual</u>
General Fund		
General government		
Attorney	\$ 35,500	\$ 42,560
Public safety		
Police department	741,400	783,935
Inspections	48,550	62,541
Public works		
Sanitation	188,000	205,539
Culture and recreation		
Parks	28,100	54,366
Capital outlay	47,000	204,267
Major Streets Fund		
Public works	80,600	100,539
Local Streets Fund		
Public works	72,600	89,610

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE C—DEPOSITS AND INVESTMENTS

As of November 30, 2013, the City had the following investments:

Investment Type	<u>Fair value</u>	<u>Weighted average maturity (Months)</u>	<u>Moody's</u>	<u>Percent</u>
Money market mutual fund	\$ 474,607	n/a	AAA	100 %

Deposit and Investment Risks

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of November 30, 2013, \$2,345,813 of the City's bank balance of \$2,595,813 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, 2013

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2013 was as follows:

	Balance December 1, 2012	Additions	Deductions	Balance November 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 295,147	\$ -	\$ -	\$ 295,147
Capital assets, being depreciated:				
Land improvements	49,534	62,189	37,007	74,716
Buildings and improvements	1,564,441	-	-	1,564,441
Vehicles and equipment	983,654	255,613	150,237	1,089,030
Infrastructure	3,185,085	99,890	-	3,284,975
Total capital assets, being depreciated	5,782,714	417,692	187,244	6,013,162
Less accumulated depreciation:				
Land improvements	49,534	945	37,007	13,472
Buildings and improvements	471,647	39,111	-	510,758
Vehicles and equipment	665,616	68,254	141,332	592,538
Infrastructure	621,872	160,505	-	782,377
Total accumulated depreciation	1,808,669	268,815	178,339	1,899,145
Total capital assets, being depreciated, net	3,974,045	148,877	8,905	4,114,017
Capital assets, net	\$ 4,269,192	\$ 148,877	\$ 8,905	\$ 4,409,164

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE D—CAPITAL ASSETS—Continued

	Balance December 1, 2012	Additions	Deductions	Balance November 30, 2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 600	\$ -	\$ -	\$ 600
Capital assets, being depreciated:				
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
Less accumulated depreciation:				
Sewer system	1,102,910	45,577	-	1,148,487
Water system	487,320	37,728	-	525,048
Buildings and improvements	16,029	-	-	16,029
Total accumulated depreciation	1,606,259	83,305	-	1,689,564
Total capital assets, being depreciated, net	3,793,765	(83,305)	-	3,710,460
Capital assets, net	\$ 3,794,365	\$ (83,305)	\$ -	\$ 3,711,060

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 22,065
Public safety	21,717
Public works	181,864
Culture and recreation	11,723
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	31,446
	\$ 268,815

Business-type activities:

Sewer	\$ 45,577
Water	37,728
	\$ 83,305

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE D—CAPITAL ASSETS—Continued

	Balance December 1, 2012	Additions	Deductions	Balance November 30, 2013
Component unit activities:				
Capital assets, not being depreciated:				
Land	\$ 133,071	\$ -	\$ -	\$ 133,071

NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of November 30, 2013 is as follows:

Interfund Transfers:

The General Fund transferred \$7,323 to the Major Streets Fund to eliminate a fund deficit.

Component Unit Transactions

The DDA contributed \$131,000 for operating activities and \$99,890 for capital activities to the City for the year ended November 30, 2013.

NOTE F—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the City for the year ended November 30, 2013.

	Balance December 1, 2012	Additions	Reductions	Balance November 30, 2013	Due Within One Year
Governmental activities:					
Installment purchase agreements	\$ -	\$ 15,763	\$ -	\$ 15,763	\$ 7,882
Capital leases	-	82,925	22,257	60,668	22,257
Compensated absences	56,509	51,681	63,217	44,973	26,000
Other postemployment benefits	-	104,786	45,793	58,993	-
Governmental activities long-term liabilities	\$ 56,509	\$ 255,155	\$ 131,267	\$ 180,397	\$ 56,139
Business-type activities:					
General obligation bonds	\$ 525,000	\$ -	\$ 45,000	\$ 480,000	\$ 50,000
Component unit:					
General obligation bonds	\$ 1,095,000	\$ -	\$ 145,000	\$ 950,000	\$ 160,000
Revenue notes	38,300	-	38,300	-	-
Component unit long-term liabilities	\$ 1,133,300	\$ -	\$ 183,300	\$ 950,000	\$ 160,000

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE F—LONG-TERM DEBT—Continued

Summary of Changes in Long-Term Liabilities—Continued

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Governmental activities:			
2013 Installment Purchase Agreement	0%	May 2015	\$ 15,763
2013 Capital Lease	4.95%	July 2016	60,668
Business-type activities:			
2007 General Obligation Capital Improvement Bonds	4-4.375%	April 2021	480,000
Component unit:			
2012 Refunding General Obligation Limited Tax Bonds	2.40%	October 2018	950,000

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, 2013 was \$891,624. 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, 2013 follows:

<u>Year Ending November 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 27,136	\$ 3,003	\$ 50,000	\$ 18,725	\$ 160,000	\$ 22,800
2015	28,088	2,050	50,000	16,725	180,000	18,960
2016	21,207	1,050	55,000	14,625	190,000	14,640
2017	-	-	60,000	12,325	200,000	10,080
2018	-	-	60,000	9,925	220,000	5,280
2019-2022	-	-	205,000	13,550	-	-
	\$ 76,431	\$ 6,103	\$ 480,000	\$ 85,875	\$ 950,000	\$ 71,760

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE G—OTHER INFORMATION

Risk Management

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

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

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

Contingent Liabilities

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

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

NOTE H—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

Plan Description

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

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE H—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan—Continued

Funding Policy

Plan members are not required to contribute to the plan. The City is required to contribute at an actuarially-determined rate; the current rate is 14.41 to 21.06 percent of annual covered payroll depending on the Plan. The contributions requirement of plan members and the City are established and may be amended by the City depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended November 30, 2013, the City’s annual pension cost was approximately \$148,000, which was equal to the City’s required and actual contribution.

Three-Year Trend Information for MERS

<u>Year Ended</u>	<u>Approximate Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
11/30/11	\$ 135,000	100 %	\$ -
11/30/12	153,000	100	-
11/30/13	148,000	100	-

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 0 percent to 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 ten-year period. The plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 28 years. This period will be reduced by one year in each of the next eight valuations until reaching 20 years after which the 20 year period will be reestablished with each annual actuarial valuation.

Funding Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 66 percent funded. The actuarial accrued liability for benefits was approximately \$4,883,000, and the actuarial value of assets was approximately \$3,222,000, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,661,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$479,000, and the ratio of the UAAL to the covered payroll was 347 percent.

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

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE H—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Contribution Pension Plan

The City also maintains a defined contribution plan offered by MERS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan covers all non-union City employees hired after February 2013. The authority for establishing or amending the Plan's provisions and for establishing or amending contribution requirements rests with the City Council as determined by negotiated labor contracts. The City is required to contribute 3 percent of a qualified employees' annual compensation each year. For the year ended November 30, 2013, City contributions were approximately \$1,700.

Deferred Compensation Plan

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

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

NOTE I—OTHER POST-EMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description

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

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

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended November 30, 2013, the City contributed \$47,148 to the Retiree Healthcare Plan, all of which were direct payments to retirees, which is 39% of the annual other postemployment benefit (OPEB) cost.

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE I—OTHER POST-EMPLOYMENT BENEFITS—Continued

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution		\$ 117,085	
Interest on net OPEB obligation		(749)	
Adjustment to annual required contribution		939	
Net OPEB cost		117,275	
Payments made to or on behalf of retirees		45,793	
Contributions made to OPEB trust		-	
		-	
Increase in net OPEB obligation		71,482	
Net OPEB obligation (asset) at beginning of year		(12,489)	
		-	
Net OPEB obligation at end of year		\$ 58,993	

Trend Information

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
11/30/11	\$ 95,866	57 %	\$ (64,545)
11/30/12	101,871	49	(12,489)
11/30/13	117,275	39	58,993

City of Roosevelt Park
NOTES TO FINANCIAL STATEMENTS
November 30, 2013

NOTE I—OTHER POST-EMPLOYMENT BENEFITS—Continued

Actuarial Methods and Assumptions

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

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

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

Funded Status and Progress

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

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

NOTE J—UPCOMING ACCOUNTING PRONOUNCEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Roosevelt Park
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended November 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Property taxes	\$ 1,120,070	\$ 1,120,070	\$ 1,049,071	\$ (70,999)
Licenses and permits	107,500	107,500	124,972	17,472
Intergovernmental revenues				
Federal	45,000	45,000	42,736	(2,264)
State	285,500	285,500	315,140	29,640
Charges for services	612,043	612,043	613,378	1,335
Fines and forfeitures	19,200	19,200	19,107	(93)
Investment earnings	7,050	7,050	3,009	(4,041)
Other	20,900	20,900	25,841	4,941
	<hr/>			
Total revenues	2,217,263	2,217,263	2,193,254	(24,009)
EXPENDITURES				
Current				
General government				
City Council	14,150	14,150	8,106	6,044
City manager	96,400	96,400	95,412	988
Clerk	58,650	45,850	29,565	16,285
Treasurer	67,350	69,450	68,579	871
Assessor	33,750	33,750	26,779	6,971
Attorney	35,500	35,500	42,560	(7,060)
Office operations	105,300	111,500	109,332	2,168
Personnel	62,300	62,300	48,893	13,407
City hall, garage and grounds	75,050	75,050	72,362	2,688
Public safety				
Police department	741,400	741,400	783,935	(42,535)
Fire department	200,000	200,000	200,000	-
Inspections	48,550	48,550	62,541	(13,991)
Public works				
Public service	374,750	374,750	378,687	(3,937)
Sidewalks	4,000	4,000	1,853	2,147
Sanitation	188,000	188,000	205,539	(17,539)
Culture and recreation				
Parks	28,100	28,100	54,366	(26,266)
Other governmental functions	16,950	16,950	16,099	851
Debt service - principal	-	-	22,257	(22,257)
Capital outlay	47,000	47,000	204,267	(157,267)
	<hr/>			
Total expenditures	2,197,200	2,192,700	2,431,132	(238,432)
Excess of revenues over (under) expenditures	20,063	24,563	(237,878)	(262,441)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	11,500	11,500
Long-term debt issued	-	-	98,688	98,688
Transfers out	(20,000)	(27,323)	(7,323)	20,000
	<hr/>			
Total other financing sources (uses)	(20,000)	(27,323)	102,865	130,188
Net change in fund balance	<u>\$ 63</u>	<u>\$ (2,760)</u>	(135,013)	<u>\$ (132,253)</u>
Fund balance at December 1, 2012			884,565	
Fund balance at November 30, 2013			<u>\$ 749,552</u>	

City of Roosevelt Park
 Required Supplementary Information
SCHEDULE OF FUNDING PROGRESS
 For the year ended November 30, 2013

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>
12/31/10	\$ 3,128	\$ 4,332	\$ 1,204	72 %	\$ 630	191 %
12/31/11	3,145	4,651	1,506	68	506	297
12/31/12	3,222	4,883	1,661	66	479	347

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 %	not available	not available
11/30/13	169	1,057	888	16	not available	not available

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

OTHER SUPPLEMENTAL INFORMATION

City of Roosevelt Park
COMBINING BALANCE SHEET
 Other Governmental Funds
 November 30, 2013

	Total Other Governmental Funds	Special Revenue Funds		
		Major Streets	Local Streets	Roosevelt Park Day
ASSETS				
Cash and investments	\$ 156,193	\$ 46,858	\$ 80,269	\$ 29,066
Accounts receivable	350	-	350	-
Due from other governmental units	34,462	24,985	9,477	-
Total assets	\$ 191,005	\$ 71,843	\$ 90,096	\$ 29,066
LIABILITIES				
Accounts payable	\$ 1,399	\$ 399	\$ 1,000	\$ -
FUND BALANCES				
Restricted				
Streets and highways	160,540	71,444	89,096	-
Roosevelt Park Day	29,066	-	-	29,066
Total fund balances	189,606	71,444	89,096	29,066
Total liabilities and fund balances	\$ 191,005	\$ 71,843	\$ 90,096	\$ 29,066

City of Roosevelt Park
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)**
Other Governmental Funds
For the year ended November 30, 2013

	Total Other Governmental Funds	Special Revenue Funds		
		Major Streets	Local Streets	Roosevelt Park Day
REVENUES				
Intergovernmental revenues - State	\$ 222,275	\$ 161,342	\$ 60,933	\$ -
Investment earnings	63	-	48	15
Other	26,701	10,641	1,200	14,860
Total revenues	249,039	171,983	62,181	14,875
EXPENDITURES				
Current				
Public works	190,149	100,539	89,610	-
Culture and recreation	12,601	-	-	12,601
Total expenditures	202,750	100,539	89,610	12,601
Excess of revenues over (under) expenditures	46,289	71,444	(27,429)	2,274
OTHER FINANCING SOURCES				
Transfers in	7,323	7,323	-	-
Net change in fund balances (deficits)	53,612	78,767	(27,429)	2,274
Fund balances (deficits) at December 1, 2012	135,994	(7,323)	116,525	26,792
Fund balances at November 30, 2013	\$ 189,606	\$ 71,444	\$ 89,096	\$ 29,066