



CITY OF ROGERS CITY
PRESQUE ISLE COUNTY
STATE OF MICHIGAN

FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR-END JUNE 30, 2015



CITY OF ROGERS CITY

CITY OFFICIALS – As of June 30, 2015

Mayor	Thomas J Sobeck
Mayor Pro Tem	Gary Nowak
Council Member	Kenneth Bielas
Council Member	Scott McLennan
Council Member	Dick Adair
Clerk	Terri Koss
City Manager	Joseph Hefe

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INDEPENDENT AUDITOR'S REPORT

To the City Council
The City of Rogers City
Presque Isle County
Rogers City, Michigan 49779

We have audited the accompanying financial statements of the governmental activities, the business – type activities each major fund, and the aggregate remaining fund information of City of Rogers City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Rogers 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 did not audit the financial statements of the Rogers City Housing Commission, a component unit of the City of Rogers City, which represents 67 percent, 66 percent, and 80 percent, respectively, of the assets, net position, and revenue of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rogers City Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

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, each major fund, and the aggregate remaining fund information of the City of Rogers City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of new Accounting Standards

As described in note 12 to the financial statements, during the year ended June 30, 2015 the City adopted GASB Statement No 68 *Accounting and Financial Reporting for Pensions*, and Statement No 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Rogers City's basic financial statements. The combining fund financial statements and general fund detail of expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and fund financial statements and general fund detail of expenditures, 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 fund financial statements and general

fund detail of expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015, on our consideration of the City of Rogers City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rogers City's internal control over financial reporting and compliance.

QUAST, JANKE AND COMPANY

A handwritten signature in cursive script that reads "Quast, Janke and Company".

Certified Public Accountants, P.C.
Bay City, Michigan 48708
October 8, 2015

Quast, Janke and Company, P.C.

Certified Public Accountants
1010 N. JOHNSON STREET
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
The City of Rogers City
Presque Isle County
Rogers City, Michigan 49779

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rogers City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Rogers City's basic financial statements, and have issued our report thereon dated October 8, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rogers City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rogers City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rogers City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rogers City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and loan agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

QUAST, JANKE AND COMPANY



Certified Public Accountants, P.C.
Bay City, Michigan 48708
October 8, 2015

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

This section of the City of Rogers City's annual Financial Report presents the Management Discussion and Analysis (MD&A) of the City's financial activities during the fiscal year ended June 30, 2015. It is intended to be read as part of the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rogers City exceeded liabilities at June 30, 2015, by \$6,598,731. Of this amount \$ (3,388,415) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position decreased by \$ 30,254 during the year. Of this amount the net position of our governmental activities decreased \$ 45,472 and the position of our business-type activities increased by \$ 15,218.

USING THIS REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- ***Management's Discussion and Analysis*** introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- ***Government-Wide Financial Statements*** consists of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City as a whole and represent an overall view of the City's finances.
- ***Fund Financial Statements*** tell how governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the City's operations in more detail than the government-wide statements by providing information about the major funds.
- ***Notes to the Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- ***Required Supplementary Information***, other than MD&A, provides information about the required budgetary comparison information.
- ***Other Additional Information*** provides detailed information about the General Fund expense in more detail and combining statements of the nonmajor funds.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

REPORTING THE CITY AS A WHOLE

The Statement of Net Position, the Statement of Activities, and the Government-Wide Statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is: Is the City as a whole better or worse off as a result of the year's activities? The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private sector companies. The two statements report the City's net position, which are the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and the condition of the City's infrastructure are also important in making this decision. The following paragraphs are intended to assist in making this overall assessment.

REPORTING THE CITY'S MAJOR ACTIVITIES

In the Statement of Net Position and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, such as public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- **Business-Type Activities** - This activity includes the wastewater treatment, water marina and refuse funds. These activities are financed primarily by user charges.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The fund financial statements provide detailed information about individual, significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to control and manage money for particular purposes (such as construction or street projects) and to show that it is properly using certain revenues (such as tax increment financing revenues). The City has three kinds of funds: governmental, proprietary and fiduciary.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Governmental Funds

The Governmental Funds account for most of the City's basic services. They focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include the General Fund; Special Revenue Funds such as Major Street, Local Street, and Nonmajor funds as detailed in the combining statements. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The financial statements required for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary Funds

Proprietary Funds account for the City's enterprise funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Fund and the Business-Type Activities included in the Government-Wide Statement is the detail and additional information, such as cash flows, provided in the Proprietary Fund statements. The Proprietary Funds which include the Wastewater treatment, Water, Marina, and Refuse Funds, are considered to be major funds of the City. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The financial statements required for Proprietary Funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to Proprietary Funds. The City's Fiduciary Funds are presented in the Fiduciary Fund financial statement by type, which is the Employee Separation Pay Fund. Because by definition these assets are being held for the benefit of a third party, pension participants and other local governments, and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-Wide Statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

GOVERNMENT- WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following analysis shows the City's total net position at June 30, 2015 and 2014.

		Governmental Activities		Business-Type Activities		Total	
		2015	2014	2015	2014	2015	2014
ASSETS							
	Current and other assets	\$ 1,256,460	\$ 1,140,534	\$ 1,848,229	\$ 1,564,210	\$ 3,104,689	\$ 2,704,744
	Capital assets net of accumulated depreciation	<u>3,398,697</u>	<u>3,655,500</u>	<u>12,293,733</u>	<u>12,818,950</u>	<u>15,692,430</u>	<u>16,474,450</u>
	Total Assets	4,655,157	4,796,034	14,141,962	14,383,160	18,797,119	19,179,194
DEFERRED OUTFLOWS OF RESOURCES		177,656	0	59,219	0	236,875	0
LIABILITIES							
	Current liabilities	115,856	101,328	201,952	329,370	317,808	430,698
	Long-term liabilities	<u>4,327,746</u>	<u>451,553</u>	<u>7,789,709</u>	<u>6,590,000</u>	<u>12,117,455</u>	<u>7,041,553</u>
	Total Liabilities	4,443,602	552,881	7,991,661	6,919,370	12,435,263	7,472,251
NET POSITION							
	Invested in capital assets of net related debt	3,148,274	3,357,500	5,703,733	6,104,950	8,852,007	9,462,450
	Restricted	582,767	414,993	552,372	604,522	1,135,139	1,019,515
	Unrestricted	<u>(3,341,830)</u>	<u>470,660</u>	<u>(46,585)</u>	<u>754,318</u>	<u>(3,388,415)</u>	<u>1,224,978</u>
	Total Net Position	\$ <u>389,211</u>	\$ <u>4,243,153</u>	\$ <u>6,209,520</u>	\$ <u>7,463,790</u>	\$ <u>6,598,731</u>	\$ <u>11,706,943</u>

The largest portion of the City's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is approximately \$ 1,689,545.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The following analysis provides the changes in the net position for the City's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for services	\$ 50,346	\$ 99,652	\$ 1,707,854	\$ 1,903,161	\$ 1,758,200	\$ 2,002,813
Operating grants and contributions	462,306	643,218	9,775	0	472,081	643,218
Capital grants and contributions	17,681	0	6,999	0	24,680	0
General revenues						
Property Taxes	1,281,512	1,275,046	0	0	1,281,512	1,275,046
State revenue sharing	297,072	289,135	0	0	297,072	289,135
Interest income	15,057	5,398	1,176	837	16,233	6,235
Other revenue	7,999	9,430	0	0	7,999	9,430
Total Revenues	2,131,973	2,321,879	1,725,804	1,903,998	3,857,777	4,225,877
Program Expenses						
General government	556,822	772,605	0	0	556,822	736,980
Public safety	578,765	583,487	0	0	578,765	583,487
Public works	555,692	670,101	0	0	555,692	670,101
Recreation and culture	169,900	169,159	0	0	169,900	169,159
Community and Economic Development	126,851	92,250	0	0	126,851	92,250
Other expenses	42,048	99,534	0	0	42,048	99,534
WWTP	0	0	682,749	701,311	682,749	701,311
Marina	0	0	473,804	425,602	473,804	425,602
Refuse	0	0	110,409	114,122	110,409	114,122
Water	0	0	640,491	560,651	640,491	560,651
Total Expenses	2,030,078	2,387,136	1,907,453	1,801,686	3,937,531	4,153,197
Changes in Net Position before transfers	101,895	(65,257)	(181,649)	102,312	(79,754)	37,055
Transfers	(147,367)	(7,044)	196,867	57,563	49,500	50,519
Changes in Net Position	(45,472)	(72,301)	15,218	159,875	(30,254)	87,574
Net Position - Beginning	434,683	4,315,454	6,194,302	7,303,915	6,628,985	11,619,369
Net Position - Ending	\$ 389,211	\$ 4,243,153	\$ 6,209,520	\$ 7,463,790	\$ 6,598,731	\$ 11,706,943

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Rogers City completed its year, its governmental funds reported a total fund balance of \$ 1,179,456 which is more than the \$1,056,011 total fund balance at June 30, 2014.

- The General Fund, the operating fund for the City, ended fiscal year 2015 with a \$610,719 balance compared to the prior year ending fund balance of \$637,030.
- The Major Street Fund Balance increased by \$ 108,216.
- The Local Street Fund Balance increased by \$ 38,618.

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

As the City of Rogers City completed its year, its Business-Type Funds reported total net position of \$ 7,479,010, which is more than the \$ 7,463,792 total fund balances at June 30, 2014.

- Wastewater Treatment Fund net position increased by \$ 108,385.
- Water Fund net position decreased by \$ 68,028.
- Marina Fund decreased by 25,618
- Refuse Fund net position increased by \$ 480.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2015, the City amended the budget several times. The amendments were done for line item changes and to cover some unexpected costs. General fund final actual expenditures were 107,535 less budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in capital assets, including land, buildings and improvements, equipment, water systems, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to citizens. Capital assets for governmental activities totaled \$ 3,398,697 (net of accumulated depreciation) at June 30, 2015. Capital assets for business-type activities totaled \$12,293,733 (net of accumulated depreciation) at June 30, 2015. The notes to the financial statements contain more detailed information about the City's capital assets.

Governmental activities capital outlays included roof. For Equipment Fund, there were additions for various maintenance equipment.

Following is a summary of the City's debt obligations:

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:							
Capital Improvement:			\$ 135,000	\$ -	\$ (30,000)	\$ 105,000	\$ 35,000
2008 General Obligation	2.9-4.2 %	2,018					
2010 G.O Capital							
Improvement Bonds	3.25 %	2,026	58,000	-	(4,000)	54,000	4,000
2011 G.O. Capital							
Improvement Bonds	2.75 %	2,020	<u>105,000</u>	<u>-</u>	<u>(15,000)</u>	<u>90,000</u>	<u>15,000</u>
Total Governmental Activities			<u>\$ 298,000</u>	<u>\$ -</u>	<u>\$ (49,000)</u>	<u>\$ 249,000</u>	<u>\$ 54,000</u>
Business-type Activities							
Marina Fund Bonds							
2011 General Obligation							
Refunding	3.0 %	2026	\$ 249,000	-	(17,000)	\$ 232,000	18,000
Water Fund Bonds							
2010 Water Supply							
Revenue Bonds	2.375 %	2050	2,916,000	-	(48,000)	2,868,000	50,000
Sewer Fund Bonds							
2010 Sewage Disposal							
Revenue Bonds	2.375 %	2050	<u>3,549,000</u>	<u>-</u>	<u>(59,000)</u>	<u>3,490,000</u>	<u>61,000</u>
Total Business-type Activities			<u>\$ 6,714,000</u>	<u>-</u>	<u>\$ (124,000)</u>	<u>\$ 6,590,000</u>	<u>\$ 129,000</u>

ECONOMIC FACTORS

Elected and appointed officials must consider many factors in the preparation and the adoption of the City's annual budget. One important factor affecting the City's budget is the State of Michigan's fiscal health, because a significant source of revenue for the City's General Fund is state shared revenue, a portion of which is subject to state legislative approval. Because of the State's recent and continuing budget problems the City has seen a reduction in state shared revenue. The consequences of this revenue reduction is and will be in the future a reduction in services funded by the General Fund with public safety services at risk in the near future without additional state or local revenue to the General Fund.

COMPONENT UNIT – ROGERS CITY HOUSING COMMISSION

As detailed in the auditor's opinion the Housing Commission was audited by a different auditor and the audit report and financial statements may be obtained directly from the Housing Commission.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to present citizens, taxpayers, customers, investors, creditors and other interested parties with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact the City of Rogers City, 193 E. Michigan Ave., Rogers City, MI 49779.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental	Business -Type	Total
	Activities	Units	
ASSETS:			
Cash	\$ 1,047,945.17	\$ 1,062,735.46	\$ 2,110,680.63
Receivables	147,658.91	179,584.88	327,243.79
Taxes receivable	30,258.71	0.00	30,258.71
Special assessments	18,836.55	0.00	18,836.55
Internal balances	(2,263.74)	2,263.74	0.00
Land held for sale	0.00	0.00	0.00
Inventory and prepaids	6.31	51,273.20	51,279.51
Restricted cash	14,024.49	552,372.01	566,396.50
Capital assets:			
Land	607,895.39	5,823,631.79	6,431,527.18
Buildings and improvements	1,338,108.45	4,701,770.53	6,039,878.98
Machinery and equipment	1,581,941.22	249,243.36	1,831,184.58
Infrastructure	4,509,369.78	0.00	4,509,369.78
Water and sewer systems	0.00	8,330,038.90	8,330,038.90
Other assets	0.00	0.00	0.00
Accumulated depreciation	(4,638,624.51)	(6,810,951.66)	(11,449,576.17)
Total Assets	4,655,156.73	14,141,962.21	18,797,118.94
DEFERRED OUTFLOWS OF RESOURCES	177,656.00	59,219.00	236,875.00
LIABILITIES:			
Accounts payable	15,665.56	10,285.28	25,950.84
Accrued expenses	44,773.28	49,148.84	93,922.12
Accrued interest	1,416.67	0.00	1,416.67
Compensated absences	97,874.16	0.00	97,874.16
Customer deposits	0.00	13,518.00	13,518.00
Other net postemployment obligation	48,746.00	0.00	48,746.00
Net pension liability	3,986,126.00	1,328,709.00	5,314,835.00
Notes and bonds payable			
Amount due within one year	54,000.00	129,000.00	183,000.00
Amount due more than one year	195,000.00	6,461,000.00	6,656,000.00
Total Liabilities	4,443,601.67	7,991,661.12	12,435,262.79
DEFERRED INFLOWS OF RESOURCES	0.00	0.00	0.00
NET POSITION:			
Investment in capital assets net of related debt	3,148,273.66	5,703,732.92	8,852,006.58
Restricted for streets	410,977.80	0.00	410,977.80
Restricted for other	171,790.02	552,372.01	724,162.03
Unrestricted	(3,341,830.42)	(46,584.84)	(3,388,415.26)
Total Net Position	\$ 389,211.06	\$ 6,209,520.09	\$ 6,598,731.15

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES:								
General government	\$ 556,822.35	\$ 44,443.17	\$ 12,110.78	\$ 17,681.25	\$ (482,587.15)	\$ 0.00	\$ (482,587.15)	\$ 0.00
Public safety	578,764.64	582.00	84,393.94	0.00	(493,788.70)	0.00	(493,788.70)	0.00
Public works	555,691.99	3,871.49	365,801.17	0.00	(186,019.33)	0.00	(186,019.33)	0.00
Community and economic development	126,851.34	1,430.00	0.00	0.00	(125,421.34)	0.00	(125,421.34)	0.00
Recreational and cultural	169,900.40	19.00	0.00	0.00	(169,881.40)	0.00	(169,881.40)	0.00
Other	32,378.57	0.00	0.00	0.00	(32,378.57)	0.00	(32,378.57)	0.00
Interest on debt	9,668.84	0.00	0.00	0.00	(9,668.84)	0.00	(9,668.84)	0.00
Total Governmental Activities	2,030,078.13	50,345.66	462,305.89	17,681.25	(1,499,745.33)	0.00	(1,499,745.33)	0.00
BUSINESS-TYPE ACTIVITIES:								
Wastewater	682,749.10	798,567.29	9,774.79	0.00	0.00	125,592.98	125,592.98	0.00
Water	640,491.32	542,553.77	0.00	6,999.50	0.00	(90,938.05)	(90,938.05)	0.00
Marina	473,804.39	249,844.24	0.00	0.00	0.00	(223,960.15)	(223,960.15)	0.00
Refuse	110,408.41	116,888.54	0.00	0.00	0.00	6,480.13	6,480.13	0.00
Total Business-Type Activities	1,907,453.22	1,707,853.84	9,774.79	6,999.50	0.00	(182,825.09)	(182,825.09)	0.00
Total Primary Government	\$ 3,937,531.35	\$ 1,758,199.50	\$ 472,080.68	\$ 24,680.75	(1,499,745.33)	(182,825.09)	(1,682,570.42)	0.00
COMPONENT UNITS:								
Downtown development authority	\$ 7,531.66	0.00	0.00	0.00				(7,531.66)
Rogers City housing commission	298,710.00	154,377.00	78,286.00	29,149.00				(36,898.00)
Total component units	306,241.66	154,377.00	78,286.00	29,149.00				(44,429.66)
GENERAL PURPOSE REVENUES:								
Property taxes- operating					1,266,970.10	0.00	1,266,970.10	66,001.83
Property taxes - band					14,541.61	0.00	14,541.61	0.00
State shared revenues					297,072.00	0.00	297,072.00	0.00
Unrestricted investment income					15,057.23	1,176.40	16,233.63	1,630.00
Loss on asset disposal					0.00	0.00	0.00	0.00
Other miscellaneous revenues					7,999.00	0.00	7,999.00	0.00
Transfers					(147,366.55)	196,867.02	49,500.47	(49,500.47)
Total General Purpose Revenues and Transfers					1,454,273.39	198,043.42	1,652,316.81	18,131.36
Change in Net Position					(45,471.94)	15,218.33	(30,253.61)	(26,298.30)
Net Position - Beginning of Year					4,243,153.00	7,463,791.76	11,706,944.76	0.00
Prior period adjustment					(3,808,470.00)	(1,269,490.00)	(5,077,960.00)	0.00
Net Position - As Restated - Beginning of Year					434,683.00	6,194,301.76	6,628,984.76	1,085,322.59
Net Position - End of Year					\$ 389,211.06	\$ 6,209,520.09	\$ 6,598,731.15	\$ 1,059,024.29

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2015

	MAJOR FUNDS			NONMAJOR	
	GENERAL	MAJOR STREETS	LOCAL STREETS	GOVERNMENTAL	TOTAL
ASSETS:					
Cash and certificates of deposit	\$ 503,285.57	\$ 236,119.22	\$ 131,201.88	\$ 157,118.59	\$ 1,027,725.26
Restricted cash	14,024.49	0.00	0.00	0.00	14,024.49
Other receivables	94,486.52	2.19	18,836.55	798.52	114,123.78
Taxes receivable	29,903.26	0.00	0.00	355.45	30,258.71
Prepaid expenses	6.31	0.00	0.00	0.00	6.31
Due from other funds	0.00	0.00	0.00	0.00	0.00
Due from state	0.00	40,245.93	12,125.75	0.00	52,371.68
TOTAL ASSETS	\$ 641,706.15	\$ 276,367.34	\$ 162,164.18	\$ 158,272.56	\$ 1,238,510.23
LIABILITIES:					
Accounts payable	\$ 4,947.40	\$ 7,262.37	\$ 72.00	\$ 513.34	\$ 12,795.11
Payroll withholdings	448.90	0.00	0.00	0.00	448.90
Accrued expenses	23,327.53	653.83	728.97	0.00	24,710.33
Due to other funds	2,263.74	0.00	0.00	0.00	2,263.74
TOTAL LIABILITIES	30,987.57	7,916.20	800.97	513.34	40,218.08
DEFERRED INFLOWS OF RESOURCES					
Unavailable rev from special assessment	0.00	0.00	18,836.55	0.00	18,836.55
FUND BALANCES:					
Nonspendable	6.31	0.00	0.00	0.00	6.31
Restricted for streets	0.00	268,451.14	142,526.66	0.00	410,977.80
Restricted for flags	14,024.49	0.00	0.00	0.00	14,024.49
Restricted for cemetery	0.00	0.00	0.00	143,650.16	143,650.16
Restricted for band	0.00	0.00	0.00	12,743.95	12,743.95
Restricted for justice training	0.00	0.00	0.00	1,365.11	1,365.11
Committed to	0.00	0.00	0.00	0.00	0.00
Assigned for	0.00	0.00	0.00	0.00	0.00
Unassigned	596,687.78	0.00	0.00	0.00	596,687.78
Total Fund Balances	610,718.58	268,451.14	142,526.66	157,759.22	1,179,455.60
TOTAL LIABILITIES AND FUND BALANCES	\$ 641,706.15	\$ 276,367.34	\$ 162,164.18	\$ 158,272.56	\$ 1,238,510.23

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
June 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,179,455.60
Amounts reported for governmental activities in the Statement of Net Position are different because -	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds	
Capital assets at cost	6,801,450.33
Accumulated depreciation and amortization	(3,656,668.09)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds	
Compensated absences	(97,874.16)
Bonds payable	(249,000.00)
Accrued interest	(1,416.67)
Net postemployment benefit obligation	(48,746.00)
Net pension liability	(3,986,126.00)
Deferred outflows(inflows) of resources	177,656.00
An internal service fund is used by management to charge the cost of equipment use to individual funds. The assets and liabilities of the internal service fund are included in the Governmental Activities in the Statement of Net Position	
Net position of internal service fund	<u>270,480.05</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 389,211.06</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
for the Year Ended June 30, 2015

	GENERAL	MAJOR STREETS	LOCAL STREETS	NONMAJOR GOVERNMENTAL	TOTAL
REVENUES:					
Property taxes	\$ 1,266,970.10	\$ 0.00	\$ 0.00	\$ 14,541.61	\$ 1,281,511.71
Licenses and permits	31,018.72	0.00	0.00	0.00	31,018.72
Federal grants	0.00	0.00	0.00	0.00	0.00
State grants	314,361.08	280,561.75	84,739.42	1,171.38	680,833.63
Contributions from other units	78,544.26	0.00	0.00	0.00	78,544.26
Charges for services	13,102.00	0.00	3,769.49	1,019.00	17,890.49
Fines and forfeits	1,334.45	0.00	0.00	0.00	1,334.45
Interest and rentals	14,958.81	52.05	0.00	46.37	15,057.23
Other revenue	7,999.00	51.00	51.00	0.00	8,101.00
Total Revenues	1,728,288.42	280,664.80	88,559.91	16,778.36	2,114,291.49
EXPENDITURES:					
Legislative					
General government	544,820.61	0.00	0.00	46.37	544,866.98
Public safety	563,812.36	0.00	0.00	930.00	564,742.36
Public works	177,109.32	131,761.91	124,228.04	0.00	433,099.27
Community and economic development	83,678.31	0.00	0.00	0.00	83,678.31
Cultural and recreation	119,148.69	0.00	0.00	12,377.48	131,526.17
Other	40,552.00	0.00	0.00	0.00	40,552.00
Capital outlay	3,750.00	0.00	0.00	0.00	3,750.00
Debt service - principal	0.00	0.00	0.00	49,000.00	49,000.00
Debt service - interest	0.00	0.00	0.00	9,946.25	9,946.25
Total Expenditures	1,532,871.29	131,761.91	124,228.04	72,300.10	1,861,161.34
EXCESS OF REVENUES OVER EXPENDITURES	195,417.13	148,902.89	(35,668.13)	(55,521.74)	253,130.15
OTHER FINANCING SOURCES (USES):					
Bond proceeds	0.00	0.00	0.00	0.00	0.00
Transfer from other funds	0.00	16,623.00	74,284.00	58,946.25	149,853.25
Transfer to other funds	(221,728.55)	(57,310.00)	0.00	(500.00)	(279,538.55)
Total Other Financing Sources (Uses)	(221,728.55)	(40,687.00)	74,284.00	58,446.25	(129,685.30)
NET CHANGE IN FUND BALANCES	(26,311.42)	108,215.89	38,615.87	2,924.51	123,444.85
FUND BALANCE - July 1, 2014	637,030.00	160,235.25	103,910.79	154,834.71	1,056,010.75
FUND BALANCE - June 30, 2015	\$ 610,718.58	\$ 268,451.14	\$ 142,526.66	\$ 157,759.22	\$ 1,179,455.60

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	123,444.85
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Amounts reported for Governmental Activities in the Statement
of Activities are different because -

Governmental funds report capital outlays as expenditures
while in the Statement of Activities, these costs are allocated
over their estimated lives as depreciation expense.

Capital outlay		3,750.00
Depreciation expense		(230,117.63)
Rounding		2.08

Governmental funds report the proceeds of debt as a financial resource in
the fund financial statements. The repayment of debt is an outlay of
current fund resources. Neither transaction has any effect on net
position in the government wide statements.

Decrease in accrued interest		275.33
Principal payments		49,000.00
Decrease in other post employment obligation		315.00
Decrease in compensated absences		55,617.84
Special assessment revenue		(19,944.00)

An internal service fund is used by management to charge the
net costs of equipment use to individual funds. The net cost
of the internal service fund is reported in the governmental
activities.

(27,815.41)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>(45,471.94)</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2015

	Business-Type Activities					Governmental
	Major Enterprise Funds					Activities
	Wastewater Treatment	Water Fund	Marina	Refuse Fund	Total	Internal Service
ASSETS:						
Current Assets:						
Cash	\$ 667,052.80	\$ 211,257.57	\$ 163,080.14	\$ 21,344.95	\$ 1,062,735.46	\$ 20,219.91
Accounts receivable	78,723.63	52,210.17	19,641.38	11,928.49	162,503.67	0.00
Special assessment receivable	8,965.47	8,115.74	0.00	0.00	17,081.21	0.00
Inventory	0.00	15,767.28	35,505.92	0.00	51,273.20	0.00
Due from other funds	2,263.74	0.00	0.00	0.00	2,263.74	0.00
Total Current Assets	757,005.64	287,350.76	218,227.44	33,273.44	1,295,857.28	20,219.91
Noncurrent Assets:						
Restricted cash	302,374.72	249,997.29	0.00	0.00	552,372.01	0.00
Capital Assets:						
Land and improvements	0.00	19,610.06	5,804,021.73	0.00	5,823,631.79	19,931.69
Buildings and improvements	4,005,302.84	231,424.80	305,455.91	159,586.98	4,701,770.53	74,029.91
Equipment	47,655.05	106,211.62	95,166.69	210.00	249,243.36	1,141,902.91
Water and sewer systems	3,227,874.24	5,102,164.66	0.00	0.00	8,330,038.90	0.00
Accumulated depreciation	(2,459,171.71)	(1,785,044.73)	(2,477,156.50)	(89,578.72)	(6,810,951.66)	(981,956.42)
Total Noncurrent Assets	5,124,035.14	3,924,363.70	3,727,487.83	70,218.26	12,846,104.93	253,908.09
Total Assets	5,881,040.78	4,211,714.46	3,945,715.27	103,491.70	14,141,962.21	274,128.00
Deferred Outflow of Resources for Pension Liability	35,531.00	23,688.00	0.00	0.00	59,219.00	0.00
LIABILITIES:						
Current Liabilities:						
Accounts payable	2,354.82	3,374.64	4,023.27	532.55	10,285.28	2,421.55
Customer deposits	7,887.00	4,758.00	873.00	0.00	13,518.00	0.00
Due to other funds	0.00	0.00	0.00	0.00	0.00	0.00
Unearned revenue	0.00	0.00	0.00	0.00	0.00	0.00
Accrued expenses	26,995.46	20,803.46	1,349.92	0.00	49,148.84	1,226.40
Current portion - revenue bonds payable	61,000.00	50,000.00	18,000.00	0.00	129,000.00	0.00
Total Current Liabilities	98,237.28	78,936.10	24,246.19	532.55	201,952.12	3,647.95
Noncurrent Liabilities:						
Net pension liability	797,225.00	531,484.00	0.00	0.00	1,328,709.00	0.00
Revenue bonds/note payable	3,429,000.00	2,818,000.00	214,000.00	0.00	6,461,000.00	0.00
Total Noncurrent Liabilities	4,226,225.00	3,349,484.00	214,000.00	0.00	7,789,709.00	0.00
Total Liabilities	4,324,462.28	3,428,420.10	238,246.19	532.55	7,991,661.12	3,647.95
NET POSITION:						
Invested in capital assets net of related debt	1,331,660.42	806,366.41	3,495,487.83	70,218.26	5,703,732.92	253,908.09
Restricted for debt	302,374.72	249,997.29	0.00	0.00	552,372.01	0.00
Committed for future assets	100,000.00	0.00	0.00	0.00	100,000.00	0.00
Unrestricted	(141,925.64)	(249,381.34)	211,981.25	32,740.89	(146,584.84)	16,571.96
Total Net Position	\$ 1,592,109.50	\$ 806,982.36	\$ 3,707,469.08	\$ 102,959.15	\$ 6,209,520.09	\$ 270,480.05

Reconciliation of Government Wide Statement of Net Position:

Net Position of Business-Type Activities \$ 6,209,520.09

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

	Business-Type Activities					Governmental
	Major Enterprise Funds					Activities
	Wastewater Treatment	Water Fund	Marina	Refuse Fund	Total	Internal Service
OPERATING REVENUES:						
Charges for services						
Water charges	\$ 0.00	\$ 493,325.69	\$ 0.00	\$ 0.00	\$ 493,325.69	\$ 0.00
Sewer charges	781,396.84	0.00	0.00	0.00	781,396.84	0.00
Water hydrant rental	0.00	10,000.00	0.00	0.00	10,000.00	0.00
Marina sales and fees	0.00	0.00	247,726.58	0.00	247,726.58	0.00
Refuse charges	0.00	0.00	0.00	113,522.13	113,522.13	0.00
Rental income	0.00	27,310.08	0.00	2,400.00	29,710.08	188,130.01
Late payment fees	6,284.76	8,585.00	0.00	947.41	15,817.17	0.00
Miscellaneous	10,885.69	3,333.00	2,117.66	19.00	16,355.35	2,362.46
Total Operating Revenues	798,567.29	542,553.77	249,844.24	116,888.54	1,707,853.84	190,492.47
OPERATING EXPENSES:						
Salaries	141,611.76	112,304.24	40,755.81	0.00	294,671.81	52,484.76
Payroll taxes	13,464.60	9,705.79	3,270.82	0.00	26,441.21	4,326.57
Chemicals	5,484.54	11,723.04	0.00	0.00	17,207.58	0.00
Marina cost of goods	0.00	0.00	162,865.29	0.00	162,865.29	0.00
Supplies	6,241.28	6,853.40	2,852.79	3,555.02	19,502.49	27,097.53
Contractual services	24,092.89	126,905.85	19,799.05	103,417.35	274,215.14	100.00
Insurance	8,103.00	5,180.00	4,962.00	124.00	18,369.00	9,487.00
Repairs and maintenance	5,900.90	26,419.28	14,354.51	120.30	46,794.99	29,439.21
Utilities	82,928.35	26,218.93	17,833.63	0.00	126,980.91	9,535.83
Fringe benefits	117,398.10	57,496.01	0.00	0.00	174,894.11	21,816.25
Equipment rental	6,369.60	10,420.61	5,010.24	0.00	21,800.45	4,331.72
Telephone	6,493.37	2,643.61	2,191.67	0.00	11,328.65	1,449.96
Permits	7,879.39	1,522.99	670.00	0.00	10,072.38	0.00
Other costs	4,623.00	6,522.98	4,932.41	0.00	16,078.39	990.78
Depreciation	167,869.58	167,319.59	186,836.17	3,191.74	525,217.08	38,033.45
Total Operating Expenses	598,460.36	571,236.32	466,334.39	110,408.41	1,746,439.48	199,093.06
Operating Income	200,106.93	(28,682.55)	(216,490.15)	6,480.13	(38,585.64)	(8,600.59)
NONOPERATING REVENUES(EXPENSES):						
Interest Income	965.52	145.13	65.75	0.00	1,176.40	0.00
Interest credit on Build America Bond	9,774.79	6,999.50	0.00	0.00	16,774.29	0.00
Disposal of capital asset	0.00	0.00	0.00	0.00	0.00	0.00
Interest expense	(84,288.74)	(69,255.00)	(7,470.00)	0.00	(161,013.74)	(1,533.57)
Total Nonoperating Revenues(Expenses)	(73,548.43)	(62,110.37)	(7,404.25)	0.00	(143,063.05)	(1,533.57)
Income Before Transfers	126,558.50	(90,792.92)	(223,894.40)	6,480.13	(181,648.69)	(10,134.16)
Transfers in	0.00	30,000.00	198,276.00	0.00	228,276.00	0.00
Transfers out	(18,174.00)	(7,234.98)	0.00	(6,000.00)	(31,408.98)	(17,681.25)
Change in Net Position	108,384.50	(68,027.90)	(25,618.40)	480.13	15,218.33	(27,815.41)
Net Position Beginning of Year	2,245,419.00	1,382,806.26	3,733,087.48	102,479.02	7,463,791.76	298,295.46
Prior period adjustment	(761,694.00)	(507,796.00)	0.00	0.00	(1,269,490.00)	0.00
Net Postion Beg Yr Restated	1,483,725.00	875,010.26	3,733,087.48	102,479.02	6,194,301.76	298,295.46
Net Position End of Year	\$ 1,592,109.50	\$ 806,982.36	\$ 3,707,469.08	\$ 102,959.15	\$ 6,209,520.09	\$ 270,480.05
Change in Net Position Government-Wide Business Activities					\$ 15,218.33	

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

	Business-Type Activities					Governmental
	Major Enterprise Funds					Activites
	Wastewater Treatment	Water Fund	Marina	Refuse Fund	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 793,641.76	\$ 499,400.78	\$ 247,320.34	\$ 114,242.07	\$ 1,654,604.95	\$ 190,537.55
Other operating cash receipts	10,885.69	40,643.08	0.00	2,400.00	53,928.77	0.00
Cash payments to suppliers for goods and services	(158,224.04)	(234,793.61)	(384,587.32)	(106,716.12)	(884,321.09)	(91,535.08)
Cash payments to employees for services	(272,474.46)	(179,506.04)	(44,026.63)	0.00	(496,007.13)	(78,627.58)
Net cash provided (used) by operating activities	373,828.95	125,744.21	(181,293.61)	9,925.95	328,205.50	20,374.89
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Transfer to/from other funds	(18,174.00)	22,765.02	198,276.00	(6,000.00)	196,867.02	(17,681.25)
Funding of bond restricted cash	32,363.28	19,786.71	0.00	0.00	52,149.99	0.00
Net cash provided (used) by noncapital financing activities	14,189.28	42,551.73	198,276.00	(6,000.00)	249,017.01	(17,681.25)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	0.00	0.00	0.00	0.00	0.00	(7,591.16)
Disposal of capital assets	0.00	0.00	0.00	0.00	0.00	0.00
Interest credit on Build America bonds	9,774.79	6,999.50	0.00	0.00	16,774.29	0.00
Proceeds from sale of capital assets	0.00	0.00	0.00	0.00	0.00	0.00
Debt payments						
Interest paid on bonds	(84,288.74)	(69,255.00)	(7,470.00)	0.00	(161,013.74)	(1,533.57)
Principal payments on bonds	(59,000.00)	(48,000.00)	(17,000.00)	0.00	(124,000.00)	0.00
Net cash provided (used) by capital and related financing activities	(133,513.95)	(110,255.50)	(24,470.00)	0.00	(268,239.45)	(9,124.73)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	965.52	145.13	65.75	0.00	1,176.40	0.00
Net increase (decrease) in cash	255,469.80	58,185.57	(7,421.86)	3,925.95	310,159.46	(6,431.09)
Cash beginning of year	411,583.00	153,072.00	170,502.00	17,419.00	752,576.00	26,651.00
Cash end of year	\$ 667,052.80	\$ 211,257.57	\$ 163,080.14	\$ 21,344.95	\$ 1,062,735.46	\$ 20,219.91
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Income (loss) from operations	\$ 200,106.93	\$ (28,682.55)	(216,490.15)	\$ 6,480.13	\$ (38,585.64)	\$ (8,600.59)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:						
Depreciation	167,869.58	167,319.59	186,836.17	3,191.74	525,217.08	38,033.45
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	5,960.16	(2,509.91)	(2,523.90)	(246.47)	679.88	45.08
Increase (decrease) in accounts payable	(1,938.18)	2,995.64	(147,679.73)	500.55	(146,121.72)	(9,103.05)
Increase (decrease) in accrued expenses	1,830.46	(6,551.54)	(1,440.08)	0.00	(6,161.16)	0.00
(Increase) decrease in inventory	0.00	(6,827.02)	4.08	0.00	(6,822.94)	0.00
Net Cash Provided (Used) in Operating Activities	\$ 373,828.95	\$ 125,744.21	\$ (181,293.61)	\$ 9,925.95	\$ 328,205.50	\$ 20,374.89

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

FIDUCIARY FUND - EMPLOYEE SEPARATION PAY
STATEMENT OF NET POSITION
June 30, 2015

		Employee Benefit Fund Type <u>Fringe Benefit Fund</u>
ASSETS:		
Cash and certificates of deposit	\$	97,883.84
Due from general fund		0
Due from water fund		0
Total Assets		97,883.84
LIABILITIES:		
Due to other funds		<u>0</u>
Total Liabilities		0
Net Position		
Held in trust for benefits	\$	<u><u>97,883.84</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

FIDUCIARY FUND - FRINGE BENEFIT FUND
STATEMENT OF CHANGES IN NET POSITION
June 30, 2015

	Employee Benefit Fund Type <u>Separation Pay Fund</u>
ADDITIONS	
Employer Contributions	\$ 0.00
Investment Income	
Interest	<u>131.69</u>
Total Additions	131.69
DEDUCTIONS	
Decrease in Available Employee Benefits	<u>56,490.16</u>
Change in Net Position	(56,358.47)
Net Position Beginning of Year	<u>154,242.31</u>
Net Position End of Year	\$ <u><u>97,883.84</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Downtown Development Authority	Housing Commission	Total
ASSETS:			
Cash and investments	\$ 33,234.69	\$ 123,058	\$ 156,292.69
Accounts receivable	0.00	15,186	15,186.00
Prepaid expenses	0.00	4,959	4,959.00
Capital assets net of depreciation	0.00	595,560	595,560.00
Land held for investment	<u>341,515.95</u>	<u>0</u>	<u>341,515.95</u>
Total Assets	374,750.64	738,763	1,113,513.64
LIABILITIES:			
Accounts payable	0.00	27,599	27,599.00
Accrued liabilities	184.35	7,648	7,832.35
Security deposits	0.00	3,867	3,867.00
Compensated absences	0.00	11,716	11,716.00
Unearned revenue	<u>0.00</u>	<u>3,475</u>	<u>3,475.00</u>
TotalLiabilities	184.35	54,305	54,489.35
NET POSITION:			
Net Investment in capital assets	341,515.95	595,560	937,075.95
Unrestricted	<u>33,050.34</u>	<u>88,898</u>	<u>121,948.34</u>
Total Net Position	<u>\$ 374,566.29</u>	<u>\$ 684,458</u>	<u>\$ 1,059,024.29</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Downtown Development Authority	Rogers City Housing Commission	Total
DOWNTOWN DEVELOPMENT AUTHORITY							
Economic Development	\$ 7,531.66	\$ 0.00	\$ 0.00	\$ 0.00	\$ (7,531.66)	\$ 0.00	\$ (7,531.66)
ROGERS CITY HOUSING COMMISSION							
Health and Welfare	298,710.00	154,377.00	78,286.00	29,149.00	0.00	(36,898.00)	(36,898.00)
Total Component Units	\$ 306,241.66	\$ 154,377.00	\$ 78,286.00	\$ 29,149.00	(7,531.66)	(36,898.00)	(44,429.66)
GENERAL PURPOSE REVENUES:							
Property taxes					66,001.83	0.00	66,001.83
Unrestricted investment income					0.00	1,630.00	1,630.00
Transfers					(49,500.47)	0.00	(49,500.47)
Total General Purpose Revenues and Transfers					16,501.36	1,630.00	18,131.36
Change in Net Position					8,969.70	(35,268.00)	(26,298.30)
Net Position - Beginning of Year					365,596.59	719,726.00	1,085,322.59
Net Position - End of Year					\$ 374,566.29	\$ 684,458.00	\$ 1,059,024.29

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A: DESCRIPTION OF REPORTING ENTITY:

The City of Rogers City is located in Presque Isle County and operates under an elected City Council (6 members) and an elected Mayor, and provides services to its residents in many areas. The financial statements of the City have been prepared in conformity with generally accepted accounting principles 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 government's accounting policies are described below.

B: REPORTING ENTITY:

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City hold the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Discretely Presented Component Units

The Downtown Development Authority (the DDA) is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing board of the DDA are appointed by the City Council. The budget and expenditures of the DDA must be approved by the City Council. The City also has the ability to significantly influence operations of the DDA.

The Rogers City Housing Commission is reported in a separate column to emphasize it is legally separate from the City. The members of the governing board of the Commission are appointed by the City Council. The budget and expenditures of the Commission must be approved by the City Council. The City also has the ability to significantly influence operations of the Commission. A complete financial statement of the Commission can be obtained from Sally Goupell, Executive Director, Rogers City Housing Commission, 643 West Erie Street, Rogers City, Michigan 49712.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C: BASIS OF PRESENTATION:

Government-Wide Statements

The *government-wide financial statements* (the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the City. The effect of the interfund activity, within the Governmental and Business-Type Activities columns, has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *statement of activities* demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for Governmental Funds, Proprietary Funds, and Fiduciary Funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Major Government Funds

General Fund –

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Major Street Fund –

Major Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of major roads within the City.

Local Street Fund –

Local Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of local roads within the City.

Major Proprietary Funds

Enterprise Funds –

Enterprise Funds are used to account for operations:

- a. that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- b. where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

Marina Fund –

The Marina Fund accounts for the activities of the marina system, financed primarily by a user charge for the provision of those services.

Water Fund –

Water Fund is used to account for the revenue and expenses for the operation of a water system for the residents of the City. Activities of the fund include administration, operation and maintenance of the water lines and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt. Costs are financed through charges to customers.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Wastewater Treatment Fund –

The Wastewater Treatment Fund accounts for the activities of the sewer collection system, financed primarily by user charges for the provision of those services.

Refuse Fund –

The Refuse Fund accounts for the activities of garbage collection and financed primarily by a user charge for the provision of those services.

Fiduciary Funds

Fiduciary, or Trust and Agency, Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Employee Separation Pay Benefit Fund –

This Fringe Benefit Fund accounts for assets held by the City for funding of employee sick time and vacation benefits. The amounts do not involve the measurement of results of operations.

Revenue Recognition:

As a general rule, the effect of inter-fund activity has been eliminated from the Government-Wide Financial Statements. Exceptions to this general rule are charges between the City's water, sewer and refuse functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary Funds distinguish operating revenues and expenses from non-operating 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.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Operating expenses for the Proprietary Funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D: Measurement Focus/Basis of Accounting:

Measurement focus refers to what is being measured; *basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. *Basis of accounting* relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-Wide Statements and Fund Financial Statements for Proprietary Funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and state shared governmental revenues. All other governmental fund revenues are recognized when received.

E: CAPITAL ASSETS:

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the entity-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Buildings, equipment, land improvements and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	25-40 years
Infrastructure	20-40 years
Land improvements	10-20 years
Vehicles	5-10 years
Furniture and other equipment	5-10 years

F: FUND EQUITY:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of unrestricted fund balance represent tentative management plans that are subject to change.

G: PROPERTY TAXES:

The City's property taxes are levied and become a lien each July 1st, based on the taxable valuation of property located in the City as of the preceding December 31st. These taxes are due without penalty through September 14 or with the final collection date of March 1 before they are added to the County's delinquent tax rolls. The City's property tax revenues are recognized as revenues in the fiscal year levied to the extent they are measurable and available.

The taxable valuation of City properties totaled \$ 75,062,675 Ad Valorem taxes levied on this valuation consisted of 16.6678 mills for City operations and .2000 mills for band. DDA property taxes are derived by capturing the taxes assessed on the increase in taxable value of the property within the DDA district.

H: COMPENSATED ABSENCES:

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay.

The Employee Separation Pay Fund was established to provide cash severance payments to any employee, upon termination of his/her employment, of any unused portion of sick time that he or she was entitled

I: RESTRICTED CASH:

The City's sewage disposal and water system bonds require that the City maintain a bond

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

reserve account and a repair and replacement account. The bond reserve account is designated for bond principal and interest payments and requires funds be deposited into separate accounts for future debt obligations.

The repair and replacement account requires funds to be deposited into the repair and replacement. Monies in the repair and replacement account are restricted to be used only to pay for emergency maintenance of the system, extensions to systems facilities and replacement of system assets having useful lives ending prior to the final maturity of the bonds.

J: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:

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

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

K: PENSIONS:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A: BUDGETARY INFORMATION:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Manager submits to the City Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):

- Prior to June 1, the budget is legally enacted by adoption of the City Council.
- The City Manager is authorized to transfer certain budgeted amounts between departments within any fund. Any revisions that alter the total expenditure of any fund must be approved by the City Council. The legal level of the control is at the activity level.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the City Council is included in the required supplemental information.
- All annual appropriations lapse at fiscal year-end.

B: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS:

During the year, the City did not incur any expenditures that were in excess of the amounts budgeted.

Fund Deficits – The City had no accumulated fund balance deficits.

NOTE 3. LONG-TERM DEBT:

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. City contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and Contractual obligation activity can be summarized as follows:

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3. LONG-TERM DEBT (continued):

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:							
Capital Improvement:			\$ 135,000	\$ -	\$ (30,000)	\$ 105,000	\$ 35,000
2008 General Obligation	2.9-4.2 %	2,018					
2010 G.O Capital							
Improvement Bonds	3.25 %	2,026	58,000	-	(4,000)	54,000	4,000
2011 G.O. Capital							
Improvement Bonds	2.75 %	2,020	<u>105,000</u>	<u>-</u>	<u>(15,000)</u>	<u>90,000</u>	<u>15,000</u>
Total Governmental Activities			<u>\$ 298,000</u>	<u>\$ -</u>	<u>\$ (49,000)</u>	<u>\$ 249,000</u>	<u>\$ 54,000</u>
Business-type Activities							
Marina Fund Bonds							
2011 General Obligation							
Refunding	3.0 %	2026	\$ 249,000	-	(17,000)	\$ 232,000	18,000
Water Fund Bonds							
2010 Water Supply							
Revenue Bonds	2.375 %	2050	2,916,000	-	(48,000)	2,868,000	50,000
Sewer Fund Bonds							
2010 Sewage Disposal							
Revenue Bonds	2.375 %	2050	<u>3,549,000</u>	<u>-</u>	<u>(59,000)</u>	<u>3,490,000</u>	<u>61,000</u>
Total Business-type Activities			<u>\$ 6,714,000</u>	<u>-</u>	<u>\$ (124,000)</u>	<u>\$ 6,590,000</u>	<u>\$ 129,000</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 595,220	\$ 0	\$ 0	\$ 595,220
 <i>Capital assets being depreciated:</i>				
Buildings and improvements	1,334,358	3,750	0	1,338,108
Furniture	1,574,350	7,592	0	1,581,942
Infrastructure	4,522,046	-	0	4,522,046
 Subtotal	<u>7,430,754</u>	<u>11,342</u>	<u>0</u>	<u>7,442,096</u>
 <i>Less accumulated depreciation for:</i>				
Buildings and improvements	(874,110)	(40,401)	0	(914,511)
Furniture and equipment	(1,177,216)	(70,590)	0	(1,247,806)
Infrastructure	(2,319,148)	(157,160)	0	(2,476,308)
 Subtotal	<u>(4,370,474)</u>	<u>(268,151)</u>	<u>0</u>	<u>(4,638,625)</u>
 Net capital assets being depreciated	<u>3,060,280</u>	<u>(256,809)</u>	<u>0</u>	<u>2,803,471</u>
 Governmental Activities Capital Assets - Net of Depreciation	<u>\$ 3,655,500</u>	<u>\$ (256,809)</u>	<u>\$ 0</u>	<u>\$ 3,398,691</u>

Governmental Activities:

General government	\$ 11,956
Public safety	14,022
Public works	122,593
Recreation and culture	38,374
Equipment fund	38,033
Community development	<u>43,173</u>

Total Depreciation Expense - Governmental Activities \$ 268,151

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS (continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,979,190	0	0	\$ 1,979,190
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	1,979,190	0	0	1,979,190
<i>Capital assets being depreciated:</i>				
Land and improvements	3,844,442	0	0	3,844,442
Buildings and improvements	4,701,771	0	0	4,701,771
Water and sewer distribution systems	8,330,039	0	0	8,330,039
Furniture and equipment	<u>251,212</u>	<u>0</u>	<u>(1,969)</u>	<u>249,243</u>
Subtotal	<u>17,127,464</u>	<u>0</u>	<u>(1,969)</u>	<u>17,125,495</u>
<i>Less accumulated depreciation for:</i>				
Land and improvements	(2,011,759)	(171,893)	0	(2,183,652)
Buildings and improvements	(614,138)	(117,891)	0	(732,029)
Water and sewer distribution systems	(3,466,060)	(214,771)	0	(3,680,831)
Furniture and equipment	<u>(195,747)</u>	<u>(20,662)</u>	<u>1,969</u>	<u>(214,440)</u>
Subtotal	<u>(6,287,704)</u>	<u>(525,217)</u>	<u>1,969</u>	<u>(6,810,952)</u>
Net capital assets being depreciated	<u>10,839,760</u>	<u>(525,217)</u>	<u>0</u>	<u>10,314,543</u>
Business-type Activities Capital Assets - Net of Depreciation	\$ <u>12,818,950</u>	\$ <u>(525,217)</u>	\$ <u>0</u>	\$ <u>12,293,733</u>

Business-type Activities:

Wastewater treatment	\$ 167,870
Water	167,320
Marina	186,836
Refuse	<u>3,191</u>
Total Depreciation Expense - Business-type Activities	\$ <u>525,217</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS (continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Units:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 384,474	\$ 0	\$ 0	\$ 384,474
Construction in progress	5,043	29,149	0	34,192
Subtotal	<u>389,517</u>	<u>29,149</u>	<u>0</u>	<u>418,666</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,684,048	0	0	1,684,048
Furniture, equipment and machinary - administration	170,896	0	0	170,896
Leasehold improvements	51,076	0	0	51,076
Subtotal	<u>1,906,020</u>	<u>0</u>	<u>0</u>	<u>1,906,020</u>
<i>Less accumulated depreciation for:</i>				
Buildings and uimprovements	(1,144,399)	(60,233)	0	(1,204,632)
Furniture, equipment and machinary - administration	(167,927)	(1,174)	0	(169,101)
Leasehold improvements	(10,724)	(3,152)	0	(13,876)
Subtotal	<u>(1,323,050)</u>	<u>(64,559)</u>	<u>0</u>	<u>(1,387,609)</u>
Net capital assets being depreciated	<u>582,970</u>	<u>(64,559)</u>	<u>0</u>	<u>518,411</u>
Net Capital Assets	\$ <u>972,487</u>	\$ <u>(35,410)</u>	\$ <u>0</u>	\$ <u>937,077</u>

NOTE 5. INTERFUND BALANCES AND TRANSFERS

The composition of inter-fund transfers during the fiscal year ended June 30, 2015 is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Local Street	Major Street	\$ 57,310

Purpose - allowable state transfer to increase local street fund.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

Michigan Compiled Laws, §129.91, authorizes local governmental units to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated four financial agencies for the deposit of local unit funds. The investment policy adopted by the City in accordance with *Public Act 196 of 1997* has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

The breakdown between deposits and investments for the City is as follows:

Statement of Net Position:

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 1,047,945	\$ 1,062,735	\$ 2,110,680	\$ 97,884
Investments	0	0	0	0
Total	<u>\$ 1,047,945</u>	<u>\$ 1,062,735</u>	<u>\$ 2,110,680</u>	<u>\$ 97,884</u>

Deposits and investments:

Bank deposits (checking, savings, and certificates of deposit)	\$ 2,109,430
Cash on hand	1,250
Investments (securities and stocks)	0
Total	<u>\$ 2,110,680</u>

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the government. At June 30, 2015, the carrying value of deposits owned by the City was \$ 2,109,430. Approximately \$750,000 of the City's bank balance was covered by federal depository insurance. The remaining balance \$ 1,359,430 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued):

Custodial Credit Risk of Investments:

Custodial credit risk is that 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. The City's investment policy requires that investments securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of deliver-versus-payment. At year-end, the City had no investments.

Interest Rate Risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. To the extent possible, the City attempts to match its investments with anticipated cash flow requirements. Short-term funds matched to a specific cash flow requirement shall be invested in securities maturing not more than two (2) years from the date of purchase. Long-term funds (capital projects, debt service, etc.) matched to a specific cash flow requirement may be invested in securities maturing not more than five (5) years from the purchase date.

Credit Risk:

State law limits investments to specific governmental securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific identified in the list of authorized investments in the summary of significant accounting policies. Credit risk ratings, when applicable; have been identified above for the City's investments.

Concentration of Credit Risk:

The City diversifies its investment portfolio by specific dates, security types and institution so that potential losses of individual securities do not exceed income that would be generated by the remainder of the portfolio.

NOTE 7. RISK MANAGEMENT:

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) and certain medical benefits provided to employees.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. RISK MANAGEMENT (continued):

The City has purchased commercial insurance for medical benefits and participates in the Michigan Municipal League risk pool program for workers' compensation, liability and property risk. This insurance provider is a public entity risk pool providing coverage to its members. The City pays an annual premium to this provider, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based on property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8. DEFINED BENEFIT PENSION PLAN:

Plan Description

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

Benefits Provided

Benefits provided include plans with multiplies of 2.50%. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 3 years. Member contributions are 5%.

Employees Covered by Benefit Terms

At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	6
Active Employees	<u>22</u>
Total	<u>57</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

Contributions

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

Employer contributions range from 10.10% to 49.10% based on annual payroll for open divisions.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement include: 1) Inflation 3-4%; 2) Salaries increases 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015, and 2016, respectively); 3) Investment rate of return 8.0%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employees. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

Changes in net pension liability during the measurement year were as follows:

	<u>2015</u>
Total Pension Liability	
Service cost	\$ 139,818
Interest on the total pension liability	841,315
Other changes	0
Benefits payments and refunds	<u>(734,404)</u>
Net change in total pension liability	246,729
Total pension liability - beginning	<u>10,495,051</u>
Total pension liability - ending (a)	\$ <u><u>10,741,780</u></u>
 Plan Fiduciary Net Position	
Employer contributions	\$ 342,634
Employee contributions	51,482
Pension plan net investment income	336,879
Benefit payment and refunds	(734,404)
Pension plan administrative expense	<u>(12,302)</u>
Net change in plan fiduciary net position	(15,711)
Plan fiduciary net position - beginning	<u>5,442,656</u>
Plan fiduciary net position - ending (b)	5,426,945
Net pension liability (a-b)	\$ <u><u>5,314,835</u></u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

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

The following presents the net pension liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1 percentage point higher (9.25%) than the current rate.

	1% Decrease 7.25%	Current Discount Rate 8.25%	1% Increase 9.25%
Net Pension Liability		5,314,835	
Change in Net Pension Liability	1,195,215		(1,012,642)
Calculated Net Pension Liability	\$ 6,510,050	\$ 5,314,835	\$ 4,302,193

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

For the year ended June 30, 2015, the employer recognized pension expense of \$316,774. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	\$ 0	\$ 0
Differences in Assumptions	0	0
Excess (Deficit) Investment Returns	78,077	0
Contributions Subsequent to the Measurement Date*	158,798	0
Total	<u>\$ 236,875</u>	<u>\$ 0</u>

*The amount reports as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2016.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

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

<u>Year Ended</u>	
2016	(19,519)
2017	(19,519)
2018	(19,519)

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description

The City of Rogers City administers a single employer defined benefit healthcare plan established by the City Council. In addition to the retirement benefits described in Note 8, the City provides health insurance benefits to certain retirees, which are advance funded on a discretionary basis.

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the City Council. The City funds retiree health care benefits using the pay-as-you-go (or cash disbursement) method. The City's annual contribution for these benefits is equal to the actual disbursements during the year for health care benefits for retired employees. For the year ended June 30, 2015, the City contributes 65% up to 100% of the cost of current year premiums, based on the number of years of postemployment for retired plan members. For the year ended June 30, 2015 the City contributed \$8,985 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Entry Age Normal, actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experienced in accordance with the assumptions use, the ARC will increase at approximately the same rate as active member payroll. This is both an acceptable and reasonable cost method. The use of another actuarial cost method would produce different results. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The long term rate of investment return used in the valuation was 4%.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution and net OPEB cost	\$ 46,642
Contributions made	46,957
Decrease in net OPEB obligation	(315)
Net OPEB obligation, beginning of year	<u>49,061</u>
Net OPEB obligation, end of year	\$ 48,746

Funded Status and Funding Process

As of June 30, 2013, the actuarial accrued liability for benefits was \$ 407,281 all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. 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 unfunded actuarial accrued liabilities were amortized as a level dollar amount on an open basis.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10. FUND BALANCE CLASSIFICATIONS:

Beginning with the year ended June 30, 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provided more clearly defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Non-spendable – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, such as inventories, or are legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, or laws or regulations of other governments or is imposed through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purpose imposed by formal City Council resolutions.

Assigned – 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 restricted or committed.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from the overspending for specific purposes for which amounts have been restricted, committed or assigned.

NOTE 11. SUBSEQUENT EVENTS:

Management has evaluated subsequent events and transactions for potential recognition and disclosure through October 8, 2015, the date the financial statements were available to be issued. No such transactions were identified for recognition or disclosure.

NOTE 12. NEW ACCOUNTING STANDARDS:

Adoption of New Accounting Standards

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. NEW ACCOUNTING STANDARDS (continued):

portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability is recorded on the government-wide statements and, if applicable, the proprietary fund statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending June 30, 2015.

The GASB has also issued Statement No. 69 *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending June 30, 2016, although earlier application is allowed.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE:

As indicated in Note 12, the City has adopted Governmental Accounting Standards Board Statements 68 and 71. These statements require the Government to record their net pension liability and pension expense. Previously these amounts were not recorded on the Government's statements. The impact of this change is to reduce beginning net position of the governmental activities by \$ 3,808,407, restating it from \$ 4,243,155 to \$ 434,683. The impact of the change reduced net position in the business-type activities and proprietary funds as follows:

Wastewater fund restated beginning net position from \$2,245,419 to \$1,483,725 a \$761,694 reduction.

Water fund restated beginning net position from \$1,382,806 to \$875,010 a \$507,796 reduction.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 1,277,042.00	\$ 1,277,042.00	\$ 1,266,970.10	\$ (10,071.90)
Licenses and permits	25,100.00	25,100.00	31,018.72	5,918.72
State and local grants	336,110.00	336,110.00	314,361.08	(21,748.92)
Contributions from other units	79,889.00	79,889.00	78,544.26	(1,344.74)
Fines and fees	2,850.00	2,850.00	1,334.45	(1,515.55)
Charges for services	7,920.00	7,920.00	13,102.00	5,182.00
Interest	7,236.00	7,236.00	8,008.81	772.81
Rental	6,950.00	6,950.00	6,950.00	0.00
Other revenue	100.00	100.00	7,999.00	7,899.00
Total Revenues	1,743,197.00	1,743,197.00	1,728,288.42	(14,908.58)
EXPENDITURES:				
General Government -				
Legislative - council	28,580.00	28,580.00	16,446.70	12,133.30
City manager	61,831.00	61,831.00	60,503.17	1,327.83
Elections	10,393.00	10,393.00	8,419.70	1,973.30
Assessor	22,003.00	22,003.00	19,409.26	2,593.74
Attorney	24,200.00	24,200.00	22,233.25	1,966.75
Board of Review	1,748.00	1,748.00	1,743.93	4.07
Cemetery	77,708.00	77,708.00	74,184.92	3,523.08
Treasurer/Clerk	187,419.00	187,419.00	181,768.27	5,650.73
Information tech	18,450.00	18,450.00	18,450.00	0.00
City Hall	25,996.00	25,996.00	21,079.67	4,916.33
Accounting & auditing	117,678.00	117,678.00	114,858.32	2,819.68
Promotional	7,450.00	7,450.00	5,723.42	1,726.58
Public Safety -				
Fire	500.00	500.00	138.96	361.04
Police	508,145.00	503,995.00	485,245.81	18,749.19
Resource officer	80,000.00	80,000.00	78,427.59	1,572.41
Public Works -				
Landfill	6,952.00	6,952.00	4,114.07	2,837.93
Street lighting	6,905.00	6,905.00	5,543.97	1,361.03
Department of public works	173,171.00	173,171.00	167,451.28	5,719.72
Parks and Recreation -				
Parks and recreation	145,528.00	145,528.00	119,148.69	26,379.31
Community and Economic Development -				
Engineering	72,869.00	72,269.00	65,506.65	6,762.35
Planning and Zoning	22,544.00	22,544.00	18,171.66	4,372.34
Capital outlay	0.00	3,750.00	3,750.00	0.00
Other functions - workers comp	36,337.00	26,000.00	25,215.00	785.00
Other functions - insurance	0.00	15,337.00	15,337.00	0.00
Total Expenditures	1,636,407.00	1,640,407.00	1,532,871.29	107,535.71
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	270,037.00	33,145.00	33,144.45	0.55
Transfer to other funds	(242,286.00)	(255,000.00)	(254,873.00)	127.00
Net Other Financing Sources (Uses)	27,751.00	(221,855.00)	(221,728.55)	(126.45)
NET CHANGE IN FUND BALANCE	134,541.00	(119,065.00)	(26,311.42)	92,753.58
FUND BALANCE - BEGINNING OF YEAR	637,030.00	637,030.00	637,030.00	0.00
FUND BALANCE - END OF YEAR	\$ 771,571.00	\$ 517,965.00	\$ 610,718.58	\$ 92,753.58

CITY OF ROGERS CITY
Presque Isle County, Michigan

LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
State grants	\$ 75,470.00	\$ 75,470.00	\$ 84,739.42	\$ 9,269.42
Interest	0.00	0.00	0.00	0.00
Contribution from special assessments	1,210.00	1,210.00	1,424.98	214.98
Charge for services	0.00	0.00	2,344.51	0.00
State grants - Other	0.00	0.00	0.00	0.00
Other	0.00	51.00	51.00	0.00
Total Revenues	76,680.00	76,731.00	88,559.91	9,484.40
EXPENDITURES:				
Public Works -				
Administration	7,046.00	0.00	0.00	0.00
Street preservation	3,087.00	3,087.00	0.00	3,087.00
Nonmotorized	6,693.00	6,693.00	550.00	6,143.00
Routine maintenance	63,943.00	71,343.00	68,373.68	2,969.32
Traffic signs and signals	2,421.00	2,421.00	104.90	2,316.10
Winter maintenance	54,842.00	54,845.00	54,841.46	3.54
Other functions -insurance	358.00	358.00	358.00	0.00
Total Expenditures	138,390.00	138,747.00	124,228.04	14,518.96
EXCESS REVENUES OVER EXPENDITURES	(61,710.00)	(62,016.00)	(35,668.13)	26,347.87
OTHER FINANCING SOURCES (USES):				
Transfer from general	24,000.00	16,954.00	16,974.00	(20.00)
Transfer from major street	57,310.00	57,310.00	57,310.00	0.00
Total Transfers	81,310.00	74,264.00	74,284.00	0.00
Excess (deficiency) of revenues over expenditures and other uses	19,600.00	12,248.00	38,615.87	26,347.87
FUND BALANCE - BEGINNING OF YEAR	103,910.79	103,910.79	103,910.79	0.00
FUND BALANCE - END OF YEAR	\$ 123,510.79	\$ 116,158.79	\$ 142,526.66	\$ 26,347.87

CITY OF ROGERS CITY
Presque Isle County, Michigan

MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
State grants	\$ 244,000.00	\$ 244,000.00	\$ 245,157.57	\$ 1,157.57
Contribution from special assessments	0.00	0.00	0.00	0.00
Interest	0.00	0.00	52.05	52.05
Federal grant	0.00	0.00	0.00	0.00
State grants - other	35,000.00	35,405.00	35,404.18	(0.82)
Other	0.00	0.00	51.00	51.00
Total Revenues	279,000.00	279,405.00	280,664.80	1,259.80
EXPENDITURES:				
Public Works -				
Preservation	46,168.00	33,545.00	26,960.48	6,584.52
Insurance	310.00	358.00	358.00	0.00
Truckline winter maintenance	4,048.00	26,023.00	33,818.37	(7,795.37)
Routine maintenance	36,095.00	26,023.00	14,341.88	11,681.12
Traffic signs and signals	0.00	4,732.00	56.74	4,675.26
Trunkline maintenance	40,940.00	40,940.00	26,392.14	14,547.86
Winter maintenance	57,761.00	33,823.00	25,720.40	8,102.60
Truckline signs and signals	4,732.00	4,602.00	4,113.90	488.10
Total Expenditures	190,054.00	170,046.00	131,761.91	38,284.09
EXCESS REVENUES OVER EXPENDITURES	88,946.00	109,359.00	148,902.89	39,543.89
OTHER FINANCING SOURCES (USES):				
Transfer from general	29,000.00	16,623.00	16,623.00	0.00
Transfer to local street	(57,310.00)	(57,310.00)	(57,310.00)	0.00
Total Other Financing Sources	(28,310.00)	(40,687.00)	(40,687.00)	0.00
Excess (deficiency) of revenues over expenditures and other uses	60,636.00	68,672.00	108,215.89	39,543.89
FUND BALANCE - BEGINNING OF YEAR	160,235.25	160,235.25	160,235.25	0.00
FUND BALANCE - END OF YEAR	\$ 220,871.25	\$ 228,907.25	\$ 268,451.14	\$ 39,543.89

CITY OF ROGERS CITY
Presque Isle County, Michigan

EMPLOYEE RETIREMENT AND BENEFIT SCHEDULE OF FUNDING PROGRESS
June 30, 2015

PENSION:

Three year trend information as of December 31 follows:

	2012	2013	2014
Actuarial Value of Assets	\$ 5,813,407	\$ 5,779,229	\$ 5,752,222
Actuarial Accrued Liability	10,043,350	10,689,653	11,022,100
Unfunded AAL	4,069,983	4,910,424	5,269,878
Funded Ratio	56%	54%	52%
Covered Payroll	1,007,564	1,018,672	1,018,257
UAAL as % of Covered Payroll	446%	482%	518%

HEALTH PLAN:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Payroll</u>
2010	0.00	692,425	692,425.00	0%	Not available	Not available
2013	0.00	407,281	407,281.00	0%	Not available	Not available

City of Rogers City
Presque Isle County, Michigan

Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2015

	<u>2015</u>
Total Pension Liability	
Service cost	\$ 139,818
Interest on the total pension liability	841,315
Other changes	0
Benefits payments and refunds	<u>(734,404)</u>
Net change in total pension liability	246,729
Total pension liability - beginning	<u>10,495,051</u>
Total pension liability - ending (a)	<u><u>\$ 10,741,780</u></u>
 Plan Fiduciary Net Position	
Employer contributions	\$ 342,634
Employee contributions	51,482
Pension plan net investment income	336,879
Benefit payment and refunds	(734,404)
Pension plan administrative expense	<u>(12,302)</u>
Net change in plan fiduciary net position	(15,711)
Plan fiduciary net position - beginning	<u>5,442,656</u>
Plan fiduciary net position - ending (b)	5,426,945
Net pension liability (a-b)	<u><u>\$ 5,314,835</u></u>
 Plan fiduciary net position as a percentage of total pension liability	102.11%
Covered employee payroll	\$ 1,018,257
Net pension liability as a percentage of covered employee payroll	521.95%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available

City of Rogers City
Presque Isle County, Michigan

Required Supplementary Information
Municipal Employees Retirement Systems of Michigan
Schedule of Employer's Contributions
June 30, 2015

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial Determined Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	242,634
Contributions in relation to the actuarially determined contribution		0	0	0	0	0	0	0	0	242,634
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,018,257
Contributions as a percentage of covered employee payroll										24%

Notes to Schedule

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Actuarially determined contribution rates are calculated as of December 31, each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	24 years
Asset valuation method	10 year smoothed
Inflation	3.5%
Salary Increases	4.5%
Investment rate of return	8.0%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

OTHER SUPPORTING INFORMATION

CITY OF ROGERS CITY
Presque Isle County, Michigan

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2015

	<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Permanent Fund</u>	
	<u>Band Fund</u>	<u>Justice Training Fund</u>	<u>Capital Projects Debt Service</u>	<u>Perpetual Care Fund</u>	<u>Total</u>
<u>ASSETS:</u>					
Assets:					
Cash and certificate of deposit	\$ 12,103.32	\$ 1,365.11	\$ 0.00	\$ 143,650.16	\$ 157,118.59
Due from other funds	0.00	0.00	0.00	0.00	0.00
Other receivables	798.52	0.00	0.00	0.00	798.52
Taxes receivable	355.45	0.00	0.00	0.00	355.45
Total Assets	\$ <u>13,257.29</u>	\$ <u>1,365.11</u>	\$ <u>0.00</u>	\$ <u>143,650.16</u>	\$ <u>158,272.56</u>
<u>LIABILITIES:</u>					
Liabilities:					
Due to other funds	0.00	0.00	0.00	0.00	0.00
Accounts payable	513.34	0.00	0.00	0.00	513.34
Total Liabilities	513.34	0.00	0.00	0.00	513.34
<u>FUND BALANCES:</u>					
Restricted for band	12,743.95	0.00	0.00	0.00	12,743.95
Restricted for justice training	0.00	1,365.11	0.00	0.00	1,365.11
Restricted for cemetery	0.00	0.00	0.00	143,650.16	143,650.16
Restricted for debt service	0.00	0.00	0.00	0.00	0.00
Total Fund Balances	<u>12,743.95</u>	<u>1,365.11</u>	<u>0.00</u>	<u>143,650.16</u>	<u>157,759.22</u>
Total Liabilities and Fund Balances	\$ <u>13,257.29</u>	\$ <u>1,365.11</u>	\$ <u>0.00</u>	\$ <u>143,650.16</u>	\$ <u>158,272.56</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMBINING NONMAJOR GOVERNMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2015

	Special Revenue Funds		Debt Service	Permanent Fund	Total Nonmajor Government Funds
	Band Fund	Justice Training Fund	Capital Projects Debt Service	Perpetual Care Fund	
REVENUES:					
Property taxes	\$ 14,541.61	\$ 0.00	\$ 0.00	\$ 0.00	\$ 14,541.61
State grants	0.00	1,171.38	0.00	0.00	1,171.38
Contributions from other units	0.00	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	0.00	1,000.00	1,000.00
Interest	0.00	0.00	0.00	46.37	46.37
Rental	0.00	0.00	0.00	0.00	0.00
Other revenue	19.00	0.00	0.00	0.00	19.00
Total Revenues	14,560.61	1,171.38	0.00	1,046.37	16,778.36
EXPENDITURES:					
General government	0.00	0.00	0.00	46.37	46.37
Public safety	0.00	930.00	0.00	0.00	930.00
Public works	0.00	0.00	0.00	0.00	0.00
Community and economic development	0.00	0.00	0.00	0.00	0.00
Recreation and culture	12,377.48	0.00	0.00	0.00	12,377.48
Capital outlay	0.00	0.00	0.00	0.00	0.00
Debt service:					
Principal	0.00	0.00	49,000.00	0.00	49,000.00
Interest	0.00	0.00	9,946.25	0.00	9,946.25
Total Expenditures	12,377.48	930.00	58,946.25	46.37	72,300.10
OTHER FINANCING SOURCES (USES):					
Transfer from equipment fund	0.00	0.00	17,681.25	0.00	17,681.25
Transfer to general	(500.00)	0.00	0.00	0.00	(500.00)
Transfer from CDA	0.00	0.00	34,030.02	0.00	34,030.02
Transfer from water fund	0.00	0.00	7,234.98	0.00	7,234.98
Net Other Financing Sources (Uses)	(500.00)	0.00	58,946.25	0.00	58,446.25
NET CHANGE IN FUND BALANCE	1,683.13	241.38	0.00	1,000.00	2,924.51
FUND BALANCE - BEGINNING OF YEAR	11,060.82	1,123.73	0.00	142,650.16	154,834.71
FUND BALANCE - END OF YEAR	\$ 12,743.95	\$ 1,365.11	\$ 0.00	\$ 143,650.16	\$ 157,759.22

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2015

REVENUES:	
Taxes -	
Property taxes	\$ 1,219,082.98
Penalties and interest	5,191.20
Payment in lieu of taxes	9,445.01
Mobile home tax	354.00
Administration fees	32,896.91
Total Taxes	1,266,970.10
State and Local Grants -	
State revenue sharing	297,072.00
Other state grants	12,110.78
State metro act	500.00
Liquor license fees	4,678.30
Total State and Local Grants	314,361.08
Contributions from other units -	
School police officer	78,544.26
Total Other Unit Contributions	78,544.26
Licenses and permits -	
Business licenses	305.00
Franchise fees	28,760.67
Planning and zoning	1,430.00
Other	523.05
Total Licenses and Permits	31,018.72
Ordinance Fines and penalties	1,334.45
Charges for services -	
Other copies	26.00
Administrative services	69.00
Police/fire reports	582.00
Cemetery	12,425.00
Weed cutting	0.00
Total Charges for Services	13,102.00
Interest and Rentals -	
Interest	8,008.81
Rents	6,950.00
Total Interest and Rentals	14,958.81
Other Revenues -	
Donations	6,965.00
Sundry	1,034.00
Misc	0.00
Total Other Revenues	7,999.00
Total Revenues	1,728,288.42
Other sources and uses -	
Tranfers out	(254,873.00)
Tranfers in	33,144.45
Total Transfers	(221,728.55)
EXPENDITURES	1,532,871.29
NET CHANGE IN FUND BALANCE	(26,311.42)
FUND BALANCE - July 1, 2014	637,030.00
FUND BALANCE - June 30, 2015	\$ 610,718.58

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2015

EXPENDITURES:

GENERAL GOVERNMENT:

Mayor and City Council -

Salaries	\$ 6,200.00
Fringes and taxes	474.30
Printing and publications	7,523.35
Membership dues	85.00
Supplies and other	<u>2,164.05</u>

Total Legislative 16,446.70

City Manager -

Wages	45,247.41
Fringes and taxes	13,656.78
Telephone	300.00
Supplies and other	<u>1,298.98</u>

Total Manager 60,503.17

Elections -

Salaries	6,283.72
Supplies and other	<u>2,135.98</u>

Total Elections 8,419.70

Cemetery

Wages	19,088.04
Fringes and taxes	35,094.15
Equipment rental	13,974.22
Supplies and other	<u>6,028.51</u>

Total Cemetery 74,184.92

Attorney-

Contracted services	18,000.00
Other costs	<u>4,233.25</u>

Total Attorney 22,233.25

Assessor -

Contractual services	18,100.00
Printing and other costs	<u>1,309.26</u>

Total Assessor 19,409.26

Promotional

5,723.42

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2015

EXPENDITURES (CONT.):

GENERAL GOVERNMENT (CONT.):

Clerk/Treasurer	
Salaries	\$ 69,281.43
Fringes and taxes	107,241.53
Office supplies	2,542.92
Telephone	600.00
Supplies and other	<u>2,102.39</u>
Total Treasurer	181,768.27
 Board of Review	
Salaries	1,350.00
Other costs	<u>393.93</u>
Total Board of Review	1,743.93
 Accounting	
Salaries	34,055.71
Fringes and taxes	47,906.57
Programming	15,188.99
Other costs	12,007.05
Audit	<u>5,700.00</u>
Total Accounting	114,858.32
 Information Technology	
Contract service	18,450.00
 City Hall and Grounds -	
Salaries	376.47
Supplies	402.77
Utilities	8,311.30
Repairs and maintenance	2,095.43
Telephone	7,773.28
Other costs	<u>2,120.42</u>
Total City Hall and Grounds	<u>21,079.67</u>
Total General Government	544,820.61

PUBLIC SAFETY:

Public Safety - Police	
Salaries	252,738.23
Fringes and taxes	201,644.70
Office and postage	346.60
Minor equipment	7,546.38
Telephone	2,072.00
Repairs and maint	1,974.25
Uniforms	3,686.98
Gas and oil	8,814.30
Other	<u>6,422.37</u>
Public Safety - Police	485,245.81

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2015

EXPENDITURES (CONT.):
PUBLIC SAFETY (CONT.)

Public Safety - Fire	
Supplies and other	\$ 138.96
Total Public Safety - Fire	138.96
School Resource Officer	
Salaries	40,646.48
Fringes and taxes	35,033.88
Other costs	2,747.23
Total School Resource Officer	78,427.59
Total Public Safety	563,812.36

PUBLIC WORKS:

Department of Public Works -	
Salaries	46,441.57
Fringes and taxes	66,159.07
Supplies	8,702.99
Equipment rental	33,637.91
Uniforms	1,158.43
Other	11,351.31
Total DPW	167,451.28
Landfill	
Salaries and supplies	4,114.07
Street Lighting	5,543.97
Total Public Works	177,109.32

COMMUNITY AND ECONOMIC DEVELOPMENT:

Engineering	
Salaries	20,300.95
Fringes and taxes	41,797.78
Supplies and other	3,407.92
Total Engineering	65,506.65
Planning and zoning	
Salaries and supplies	18,171.66
Total Community and Economic Development	83,678.31

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2015

EXPENDITURES (CONT.):

RECREATION AND CULTURAL:

Parks and Recreation-	
Wages	\$ 36,398.66
Fringes and taxes	33,722.90
Contractual services	1,771.88
Utilities	7,137.96
Equipment rental	29,969.28
Supplies and other	<u>10,148.01</u>

Total Parks and Recreation 119,148.69

Community Relations	
Civic betterment	0.00
Community schools	<u>0.00</u>

Total Community Relations 0.00

Total Recreation and Cultural 119,148.69

OTHER:

Workers comp	25,215.00
Insurance	<u>15,337.00</u>

Total Other 40,552.00

CAPITAL OUTLAY:

General government	0.00
Parks and recreation	<u>3,750.00</u>

Total Capital Outlay 3,750.00

Total Expenditures \$ 1,532,871.29

CITY OF ROGERS CITY
Presque Isle County, Michigan

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

There were no findings related to the financial statements, which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America for the year ended June 30, 2015.