



MISSOURI

FINANCIAL REPORT
(Audited)

Year Ended September 30, 2014

CITY OF ROLLA, MISSOURI
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

June 10, 2015

Honorable Mayor and City Council
CITY OF ROLLA, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the **CITY OF ROLLA, MISSOURI** (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 of 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.

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In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, 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 supplemental 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 REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2015 on our consideration of the 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 the City's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

As management of the City of Rolla, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- The net position of the City's governmental activities increased by \$205,535 for the year as a result of current year activities. The net position of the City's business-type activities decreased \$458,377 for the year.
- The assets of the City exceeded its liabilities as of September 30, 2014, by \$98.3 million (net position). Of this amount, \$7.8 million was unrestricted from overall operations (up from \$7.5 million in fiscal year 2013) and may be used to meet future obligations of the City.
- Total value of new building construction for fiscal year 2014 was \$22,433,389 compared to \$30,112,549 in fiscal year 2013. Overall 144 new housing units were added in 2014 (only 8 of which are detached single family homes). Multi-family construction permits were up substantially with continued growth at S&T.
- In May 2010 several departments within the City participated in an Energy Efficiency Program through Siemens (energy performance contract) in the amount of \$2.2 million with projected annual energy savings of \$200,000 per year. The project was anchored by a \$337,000 ARRA grant for a new-generation pump/blower with substantial energy savings. The new energy pumps have not fully performed to expectations though Siemens remains committed to the project. Consequently the performance-based contract remains open. In 2012 the City refinanced the lease and added \$600,000 for a new water storage tank at the Rolla National Airport (the Airport). The Series 2012 certificates of participation have a 15-year term with interest rates from 2% to 3.4%.
- The City collected a sales tax rate of 2% which is distributed among the General Fund (1%) and the Street Fund (½% for transportation and ½% for capital improvements). The ½% parks sales tax expired in December 2013. In fiscal year 2014 the City received \$7,815,282 in sales tax revenues - a 1.53% increase over fiscal year 2013. Since sales tax revenues account for approximately 41% of total revenue, sales tax revenues are monitored monthly and the budget is adjusted accordingly to ensure a balance between revenues and expenditures.
- Fiscal year 2014 completes the 12th full year of operations at the Centre - the City's recreation center. Over that time the average recapture rate of revenues over operational expenses is 83%. Revenues of \$1.1 million are generated through memberships, user fees, and program revenues. In fiscal year 2014 recreation center revenues increased by 2% with total memberships declining by 2.5%; program revenues increased 20% and rental income decreased 20% (primarily due to the loss of leasing space to East Central College). Recreation center expenses increased 1% over fiscal year 2013.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$8,070,161.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,030,074.

CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, police department, and municipal court. The business-type activities include the sewer and sanitation operations of the City.

One separate organization is considered a component unit of the City -- Rolla Municipal Utilities (RMU). RMU's purpose is to provide electric and water services to the City, and is under the direction of the Rolla Board of Public Works.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. It should be noted that the City does not have any fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of expendable resources as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better under-

**CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

stand the long-term impact of the City's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains six governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Parks and Recreation Fund, Airport Fund, Cemetery Fund, and Park Land Reserve Fund which are considered major funds.

The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

Proprietary fund. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally amount the City's various functions. The City uses the Internal Service Fund to account for health insurance premiums. Because these services predominantly benefit governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain supplemental information can be found in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

A condensed version of the statement of net position follows below.

Governmental and business-type activities. Governmental and business-type activities decreased the City's net position by \$252,842. Key elements of this are as follows:

CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	September 30					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 10,577,901	10,102,998	5,249,550	8,921,527	15,827,451	19,024,525
Capital assets	77,193,487	78,545,430	28,383,531	26,690,813	105,577,018	105,236,243
Total Assets	<u>87,771,388</u>	<u>88,648,428</u>	<u>33,633,081</u>	<u>35,612,340</u>	<u>121,404,469</u>	<u>124,260,768</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	48,976	-	-	-	48,976	-
LIABILITIES						
Other liabilities	2,032,871	3,364,018	518,232	1,798,882	2,551,103	5,162,900
Long-term liabilities	9,555,779	9,258,231	11,065,225	11,305,457	20,621,004	20,563,688
Total Liabilities	<u>11,588,650</u>	<u>12,622,249</u>	<u>11,583,457</u>	<u>13,104,339</u>	<u>23,172,107</u>	<u>25,726,588</u>
NET POSITION						
Net investment in capital assets	69,578,787	70,103,346	19,598,465	19,645,789	89,177,252	89,749,135
Restricted	591,729	499,321	723,967	746,242	1,315,696	1,245,563
Unrestricted	6,061,198	5,423,512	1,727,192	2,115,970	7,788,390	7,539,482
Total Net Position	<u>\$ 76,231,714</u>	<u>76,026,179</u>	<u>22,049,624</u>	<u>22,508,001</u>	<u>98,281,338</u>	<u>98,534,180</u>

CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

For The Years Ended September 30

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 3,642,960	3,391,792	6,185,912	6,031,127	9,828,872	9,422,919
Operating grants and contributions	295,252	312,719	-	-	295,252	312,719
Capital grants and contributions	687,580	1,073,627	63,976	39,264	751,556	1,112,891
General revenues:						
Property taxes	1,140,758	1,167,076	-	-	1,140,758	1,167,076
Sales taxes	8,394,779	9,476,193	-	-	8,394,779	9,476,193
Motor vehicle taxes	739,291	703,488	-	-	739,291	703,488
Payment in lieu of taxes	1,550,787	1,453,441	-	-	1,550,787	1,453,441
Other taxes	433,000	402,615	-	-	433,000	402,615
Franchise fees	712,182	712,253	-	-	712,182	712,253
Investment income	38,041	167,659	190,855	289,662	228,896	457,321
Other	64,633	165,935	32,836	118,588	97,469	284,523
Total Revenue	17,699,263	19,026,798	6,473,579	6,478,641	24,172,842	25,505,439
EXPENSES						
General government and other	4,330,962	4,299,898	-	-	4,330,962	4,299,898
Public safety	6,077,449	5,954,541	-	-	6,077,449	5,954,541
Public works and maintenance	4,545,893	4,788,289	-	-	4,545,893	4,788,289
Parks and recreation	2,809,773	2,720,928	-	-	2,809,773	2,720,928
Airport	1,037,351	657,114	-	-	1,037,351	657,114
Sewer	-	-	2,453,929	2,730,993	2,453,929	2,730,993
Environmental services	-	-	3,170,327	3,226,331	3,170,327	3,226,331
Total Expenses	18,801,428	18,420,770	5,624,256	5,957,324	24,425,684	24,378,094
EXCESS BEFORE TRANSFERS	(1,102,165)	606,028	849,323	521,317	(252,842)	1,127,345
TRANSFERS	1,307,700	615,505	(1,307,700)	(615,505)	-	-
CHANGE IN NET POSITION	205,535	1,221,533	(458,377)	(94,188)	(252,842)	1,127,345
NET POSITION, OCTOBER 1	76,026,179	74,804,646	22,508,001	22,602,189	98,534,180	97,406,835
NET POSITION, SEPTEMBER 30	\$ 76,231,714	76,026,179	22,049,624	22,508,001	98,281,338	98,534,180

Change in net position. The increase in net position of \$205,535 in the governmental activities was due to revenues exceeding expenses. The decrease in net position of \$458,377 in the business-type activities was mainly due to the increase in transfers to the governmental activities.

**CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

GOVERNMENTAL ACTIVITIES

Governmental activities increased the net position of the City by \$205,535. Total tax revenues for the City were \$12.2 million, which represents 64% of the financing of these activities. Program revenues for the functions totaled \$4.7 million or 25% of the funding. The following table shows the cost of the City's programs as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

	Net Cost Of Governmental Activities			
	Total Cost Of Service		Net Cost Of Service	
	2014	2013	2014	2013
General government and other	\$ 4,330,962	4,299,898	2,740,401	2,726,291
Public safety	6,077,449	5,954,541	5,487,898	5,377,148
Public works and maintenance	4,545,893	4,788,289	4,132,962	4,547,046
Parks and recreation	2,809,773	2,720,928	1,545,865	1,503,373
Airport	1,037,351	657,114	268,510	(511,226)
Total	\$ 18,801,428	18,420,770	14,175,636	13,642,632

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the City's net position by \$458,377. Last year the business-type activities decreased \$94,188.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2014, the General Fund's fund balance was \$2,600,321.

The City's General Fund's fund balance increased by \$73,354 or 2.9% from the prior year fund balance. This was mainly due to increasing tax revenues.

Changes for fund balances for other major governmental funds can be described as follows:

- The Street Fund increased by \$393,417 from the fund balance at the end of the prior year. This increase is due to less investment in street capital improvements compared to 2013.

**CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

- The Parks and Recreation Fund decreased by \$78,365 from the fund balance at the end of the prior year. This decrease is due to the expiration of the dedicated park sales tax.
- The Airport Fund increased by \$308,398 from the fund balance at the end of the prior year. This increase is due to an increase in transfers in to the fund to support major improvements in the water and sewer system.
- The Cemetery Fund increased by \$14,900 from the fund balance at the end of the prior year. This increase is due to an increase in charges for services.
- The Park Land Reserve Fund increased by \$4,977 over the prior year fund balance. This increase is due to a decrease in expenditures.

Proprietary funds. The fund statement for the proprietary funds looks much like the business-type activities in the government-wide financial statements. Proprietary funds financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statement to the government-wide financial statement.

Unrestricted net position at the end of the year for the Sewer Fund totaled \$1,027,163. The total decrease in net position was \$381,690 or 2.1% from the prior year fund balance. Unrestricted net position at the end of the year for the Environmental Services Fund totaled \$700,029. The total decrease in net position was \$76,687 or 1.6% from the prior year fund balance.

CAPITAL ASSETS

The City has invested \$105,577,018 at September 30, 2014 in a broad range of capital assets, net of depreciation, including land, construction in progress, buildings and improvements, machinery and equipment, infrastructure, and the sewer collection system. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$340,775. The City's capital assets, net of accumulated depreciation, consisted of:

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 12,677,465	12,674,452	1,262,101	1,258,442	13,939,566	13,932,894
Construction in progress	1,881,737	1,394,717	3,080,169	848,973	4,961,906	2,243,690
Buildings and improvements	12,678,237	13,509,213	3,143,316	3,371,681	15,821,553	16,880,894
Machinery and equipment	3,547,800	3,799,114	1,370,968	1,338,553	4,918,768	5,137,667
Infrastructure	46,408,248	47,167,934	-	-	46,408,248	47,167,934
Sewer collection system	-	-	19,526,977	19,873,164	19,526,977	19,873,164
 Total Capital Assets, Net of Accumu- lated Depreciation	 <u>\$ 77,193,487</u>	 <u>78,545,430</u>	 <u>28,383,531</u>	 <u>26,690,813</u>	 <u>105,577,018</u>	 <u>105,236,243</u>

Additional information on the City's capital assets can be found in Note F in the notes to financial statements.

CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

LONG-TERM DEBT

The City had government-wide debt outstanding for September 30, 2014 of \$16,836,632 compared to \$18,324,611 for September 30, 2013. The decrease of debt outstanding of \$1,487,979 was due to payment of principal as detailed in the following table.

The following is a summary of long-term debt:

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital leases payable	\$ 3,371,632	3,574,611	-	-	3,371,632	3,574,611
Certificates of participation	1,281,804	1,363,222	4,823,196	5,056,778	6,105,000	6,420,000
General obligation bonds	2,900,000	3,420,000	-	-	2,900,000	3,420,000
Revenue bonds payable	-	-	4,460,000	4,910,000	4,460,000	4,910,000
Total	<u>\$ 7,553,436</u>	<u>8,357,833</u>	<u>9,283,196</u>	<u>9,966,778</u>	<u>16,836,632</u>	<u>18,324,611</u>

Additional information on the City's long-term debt can be found in Note E in the notes to financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues for the City's General Fund of \$9,884,240 were \$422,810 under the budgeted revenues of \$10,307,050. This was mainly due to intergovernmental revenue coming in under budget. The City's General Fund expenditures of \$10,281,286 were \$270,563 under the budgeted amount of \$10,551,849 mainly due to fire expenditures being less than anticipated.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- City spending patterns will continue to require a more conservative approach to help rebuild reserves. It appears as if the local and regional economies are improving with the first real positive revenue growth since 2008.
- Economic Development -- Since 2004 the City Council has contracted with the Rolla Regional Economic Commission for development opportunities. Current annual contractual contributions are \$95,000 per year. The City continues to promote development along I-44 including "Rolla West" and has selected UTW as the preferred developer for a large retail opportunity in that corridor. The City also entered into its first TIF redevelopment project with Kohl's which opened March 2012. Negotiations are underway for the possible use of CID for the redevelopment of the Forum Plaza. In addition the City has made substantial infrastructure improvements at the Airport where Brewer Science opened a new facility. The \$2.5 million investment is offset in part by a \$1,044,000 EDA grant that is still pending.
- Sales tax receipts increased 1.53% in fiscal year 2014. Staff will continue to monitor the situation closely and has conservatively budgeted sales tax growth of 1% in fiscal year 2015. The City has a solid economic

**CITY OF ROLLA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

base but one that has stagnated in the last several years despite the growth with healthcare and education. The loss of employment from Briggs & Stratton and Cantex, potential loss through internet sales, and possible reductions at Fort Leonard Wood continues to adversely impact the local economy. Sustained growth in healthcare and education along with new or expanding projects such as Kohl's, Country Mart, CVS, Brewer Science, and MoSci provide real opportunities for continued growth.

- The City's self-funded health insurance program ended calendar year 2014 with an employee contribution rate of 28.66%. An increase was implemented in January 2015 to improve the employee contribution to the required participation level of 33%. This percentage is made up of premiums withheld from payroll, copayments, and deductibles paid by employees. Note: the employee contribution calculated from the Internal Service Fund reported in this audit does not include the copayments and deductibles paid by employees.
- A new consolidated public services facility was completed in February 2013. Phase I of the project included a new vehicle services facility and a new sanitation division workshop. Plans include the relocation of the Street Shop and Yard from Sharp Road to this new facility in coming years.
- As the City has actively been selling the Sharp Road property off 18th Street the City has initiated efforts to begin planning for the relocation of the outdated Rolla Animal Shelter. A substantial donation from Mr. Bob Eck (\$441,000) in fiscal year 2013 has initiated a planning process to raise charitable funds for the new facility.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
City of Rolla
910 North Elm
Rolla, MO 65401
Telephone: 573-426-6980

RMU issues a complete set of financial statements that are more detailed than the data presented herein. Copies of the separately issued RMU statements can be obtained by contacting RMU at:

Rolla Municipal Utilities
102 W. 9th Street
Rolla, MO 65401
Telephone: 573-364-1572

CITY OF ROLLA, MISSOURI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		Rolla Municipal Utilities
ASSETS				
Cash and cash equivalents	\$ 6,438,704	1,258,513	7,697,217	23,722,452
Taxes receivable, net	1,823,463	-	1,823,463	-
Utilities receivable, net	-	957,623	957,623	2,333,751
Other accounts receivable	217,311	-	217,311	-
Court fines receivable, net	61,732	-	61,732	-
Intergovernmental receivable	735,827	-	735,827	-
Special assessments receivable	147,214	-	147,214	-
Accrued interest receivable	-	19,831	19,831	-
Inventory	40,937	-	40,937	660,860
Prepaid items	424,017	84,049	508,066	178,635
Restricted cash and cash equivalents	688,696	1,179,330	1,868,026	-
Restricted investments	-	1,750,204	1,750,204	-
Net pension asset	-	-	-	2,300,750
Capital assets:				
Nondepreciable	14,559,202	4,342,270	18,901,472	2,740,596
Depreciable, net	62,634,285	24,041,261	86,675,546	36,285,103
Total Assets	<u>87,771,388</u>	<u>33,633,081</u>	<u>121,404,469</u>	<u>68,222,147</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	48,976	-	48,976	-
LIABILITIES				
Accounts payable	1,467,424	262,763	1,730,187	1,656,399
Accrued expenses	354,411	81,078	435,489	28,004
Police evidence payable	54,793	-	54,793	-
Deposits payable	-	-	-	1,522,778
Court bonds payable	5,219	-	5,219	-
Unearned revenue	86,983	-	86,983	-
Refundable permits	36,797	-	36,797	-
Accrued interest payable	27,244	91,602	118,846	19,568
Arbitrage payable	-	82,789	82,789	-
Noncurrent liabilities:				
Due within one year	1,599,528	797,272	2,396,800	915,185
Due in more than one year	7,047,475	10,267,953	17,315,428	12,796,000
Due in more than one year - net OPEB obligation	622,820	-	622,820	-
Due in more than one year - net pension obligation	285,956	-	285,956	-
Total Liabilities	<u>11,588,650</u>	<u>11,583,457</u>	<u>23,172,107</u>	<u>16,937,934</u>
NET POSITION				
Net investment in capital assets	69,578,787	19,598,465	89,177,252	25,441,699
Restricted	591,729	723,967	1,315,696	-
Unrestricted	6,061,198	1,727,192	7,788,390	25,842,514
Total Net Position	<u>\$ 76,231,714</u>	<u>22,049,624</u>	<u>98,281,338</u>	<u>51,284,213</u>

See notes to financial statements

CITY OF ROLLA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes In Net Position							Component Unit Rolla Municipal Utilities
	Expenses	Program Revenues			Primary Government			
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
Administrative	\$ 515,199	75,923	-	-	(439,276)	-	(439,276)	-
Administrator	311,230	-	-	-	(311,230)	-	(311,230)	-
Finance	530,452	3,402	-	-	(527,050)	-	(527,050)	-
Legal services	57,402	-	-	-	(57,402)	-	(57,402)	-
City court	83,064	-	-	-	(83,064)	-	(83,064)	-
911 telecommunications	1,000,593	1,004,145	-	-	3,552	-	3,552	-
Animal shelter	142,537	14,490	13,309	-	(114,738)	-	(114,738)	-
Police	3,375,463	196,594	254,957	79,224	(2,844,688)	-	(2,844,688)	-
Fire	2,701,986	52,753	6,023	-	(2,643,210)	-	(2,643,210)	-
Building maintenance	99,808	-	-	-	(99,808)	-	(99,808)	-
Engineering	660,872	-	-	-	(660,872)	-	(660,872)	-
Community development	388,667	99,179	-	-	(289,488)	-	(289,488)	-
Library	200,633	205,467	-	-	4,834	-	4,834	-
Economic development	229,007	121,386	-	-	(107,621)	-	(107,621)	-
Public works	4,446,085	251,248	-	161,683	(4,033,154)	-	(4,033,154)	-
Parks and recreation	2,809,773	1,242,945	20,963	-	(1,545,865)	-	(1,545,865)	-
Airport	1,037,351	322,168	-	446,673	(268,510)	-	(268,510)	-
Cemetery	1,430	53,260	-	-	51,830	-	51,830	-
Interest on long-term debt	209,876	-	-	-	(209,876)	-	(209,876)	-
Total Governmental Activities	<u>18,801,428</u>	<u>3,642,960</u>	<u>295,252</u>	<u>687,580</u>	<u>(14,175,636)</u>	<u>-</u>	<u>(14,175,636)</u>	<u>-</u>
Business-type Activities								
Sewer	2,453,929	2,931,645	-	55,504	-	533,220	533,220	-
Environmental services	3,170,327	3,254,267	-	8,472	-	92,412	92,412	-
Total Business-type Activities	<u>5,624,256</u>	<u>6,185,912</u>	<u>-</u>	<u>63,976</u>	<u>-</u>	<u>625,632</u>	<u>625,632</u>	<u>-</u>
Total Primary Government	<u>\$ 24,425,684</u>	<u>9,828,872</u>	<u>295,252</u>	<u>751,556</u>	<u>(14,175,636)</u>	<u>625,632</u>	<u>(13,550,004)</u>	<u>-</u>
Component Unit								
Rolla Municipal Utilities	<u>\$ 31,425,659</u>	<u>31,292,600</u>	<u>-</u>	<u>28,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,995)</u>
General Revenues								
Taxes:								
Property					1,140,758	-	1,140,758	-
Sales					8,394,779	-	8,394,779	-
Motor vehicle taxes					739,291	-	739,291	-
Payment in lieu of taxes					1,550,787	-	1,550,787	-
Other					433,000	-	433,000	-
Franchise fees					712,182	-	712,182	-
Investment income					38,041	190,855	228,896	67,735
Other					64,633	32,836	97,469	342,220
Transfers					1,307,700	(1,307,700)	-	-
Total General Revenues And Transfers					<u>14,381,171</u>	<u>(1,084,009)</u>	<u>13,297,162</u>	<u>409,955</u>
CHANGE IN NET POSITION					205,535	(458,377)	(252,842)	304,960
NET POSITION, OCTOBER 1					<u>76,026,179</u>	<u>22,508,001</u>	<u>98,534,180</u>	<u>50,979,253</u>
NET POSITION, SEPTEMBER 30					<u>\$ 76,231,714</u>	<u>22,049,624</u>	<u>98,281,338</u>	<u>51,284,213</u>

See notes to financial statements

CITY OF ROLLA, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General</u>	<u>Street</u>	<u>Parks And Recreation</u>	<u>Airport</u>	<u>Cemetery</u>	<u>Park Land Reserve</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,172,387	636,353	3,706,452	8,427	303,070	70,312	5,897,001
Taxes receivable, net	1,070,675	742,816	9,972	-	-	-	1,823,463
Other accounts receivable	165,502	9,442	1,086	22,700	-	-	198,730
Court fines receivable, net	61,732	-	-	-	-	-	61,732
Intergovernmental receivable	7,559	-	-	728,268	-	-	735,827
Inventory	-	-	-	40,937	-	-	40,937
Prepaid items	310,588	44,522	62,867	6,040	-	-	424,017
Special assessments receivable	147,214	-	-	-	-	-	147,214
Restricted cash and cash equivalents	688,696	-	-	-	-	-	688,696
Total Assets	<u>\$ 3,624,353</u>	<u>1,433,133</u>	<u>3,780,377</u>	<u>806,372</u>	<u>303,070</u>	<u>70,312</u>	<u>10,017,617</u>
LIABILITIES							
Accounts payable	\$ 502,565	594,651	92,979	137,920	-	-	1,328,115
Accrued liabilities	263,987	31,840	52,396	6,188	-	-	354,411
Police evidence payable	54,793	-	-	-	-	-	54,793
Court bonds payable	5,219	-	-	-	-	-	5,219
Unearned revenue	86,983	-	-	-	-	-	86,983
Refundable permits	36,797	-	-	-	-	-	36,797
Total Liabilities	<u>950,344</u>	<u>626,491</u>	<u>145,375</u>	<u>144,108</u>	<u>-</u>	<u>-</u>	<u>1,866,318</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue							
Special assessments	62,244	-	-	-	-	-	62,244
Court fines	11,444	-	-	-	-	-	11,444
Taxes	-	7,450	-	-	-	-	7,450
Total Deferred Inflows Of Resources	<u>73,688</u>	<u>7,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,138</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	40,937	-	-	40,937
Prepaid items	310,588	44,522	62,867	6,040	-	-	424,017
Restricted for:							
Police	21,258	-	-	-	-	-	21,258
Animal shelter	454,395	-	-	-	-	-	454,395
TIF-EATS	116,076	-	-	-	-	-	116,076
Committed for:							
Depreciation and replacement	-	-	2,467,704	-	-	-	2,467,704
Cemetery	-	-	-	-	200,000	-	200,000
Assigned for:							
Risk management	667,930	19,542	26,943	5,572	-	-	719,987
Street	-	735,128	-	-	-	-	735,128
Parks and recreation	-	-	1,077,488	-	-	-	1,077,488
Airport	-	-	-	609,715	-	-	609,715
Cemetery	-	-	-	-	103,070	-	103,070
Park land reserve	-	-	-	-	-	70,312	70,312
Unassigned	1,030,074	-	-	-	-	-	1,030,074
Total Fund Balances	<u>2,600,321</u>	<u>799,192</u>	<u>3,635,002</u>	<u>662,264</u>	<u>303,070</u>	<u>70,312</u>	<u>8,070,161</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 3,624,353</u>	<u>1,433,133</u>	<u>3,780,377</u>	<u>806,372</u>	<u>303,070</u>	<u>70,312</u>	<u>10,017,617</u>

CITY OF ROLLA, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - GOVERN-
MENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total Fund Balances - Governmental Funds	\$ 8,070,161
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. The cost of the assets is \$128,130,579 and the accumulated depreciation is \$50,937,092.	77,193,487
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	81,138
Certain obligations are not financial uses and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension obligation	(285,956)
OPEB obligation	(622,820)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Bonds and certificates of participation payable	(4,181,804)
Capital leases	(3,371,632)
Accrued compensated absences	(983,327)
Accrued interest payable	(27,244)
Unamortized bond premium	(110,240)
Unamortized bond deferred charges	48,976
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.	<u>420,975</u>
Total Net Position Of Governmental Activities	<u><u>\$ 76,231,714</u></u>

CITY OF ROLLA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Street	Parks And Recreation	Airport	Cemetery	Park Land Reserve	Total Governmental Funds
REVENUES							
Taxes	\$ 7,711,311	4,515,112	771,473	-	-	-	12,997,896
Licenses and permits	175,102	-	-	-	-	-	175,102
Intergovernmental	1,695,813	161,683	-	451,630	-	-	2,309,126
Charges for services	52,753	251,248	1,281,305	322,168	14,900	-	1,922,374
Fines and forfeitures	188,694	-	-	-	-	-	188,694
Investment income	12,460	927	23,108	7	1,466	73	38,041
Miscellaneous	48,107	18,369	25,559	759	-	4,904	97,698
Total Revenues	<u>9,884,240</u>	<u>4,947,339</u>	<u>2,101,445</u>	<u>774,564</u>	<u>16,366</u>	<u>4,977</u>	<u>17,728,931</u>
EXPENDITURES							
Current:							
Administrative	359,828	-	-	-	-	-	359,828
Administrator	310,748	-	-	-	-	-	310,748
Finance	502,250	-	-	-	-	-	502,250
Legal services	57,402	-	-	-	-	-	57,402
City court	82,191	-	-	-	-	-	82,191
911 telecommunications	991,965	-	-	-	-	-	991,965
Animal shelter	132,364	-	-	-	-	-	132,364
Police	3,069,269	-	-	-	-	-	3,069,269
Fire	2,337,969	-	-	-	-	-	2,337,969
Building maintenance	85,045	-	-	-	-	-	85,045
Engineering	671,605	-	-	-	-	-	671,605
Community development	381,550	-	-	-	-	-	381,550
Library	201,406	-	-	-	-	-	201,406
Economic development	231,201	-	-	-	-	-	231,201
Public works	-	1,943,900	-	-	-	-	1,943,900
Parks and recreation	-	-	2,238,599	-	-	-	2,238,599
Airport	-	-	-	1,375,733	-	-	1,375,733
Capital outlay	331,067	1,833,423	138,175	1,806	-	-	2,304,471
Debt service:							
Principal	388,537	613,483	17,083	35,298	-	-	1,054,401
Interest	146,889	68,416	7,419	15,329	-	-	238,053
Total Expenditures	<u>10,281,286</u>	<u>4,459,222</u>	<u>2,401,276</u>	<u>1,428,166</u>	<u>-</u>	<u>-</u>	<u>18,569,950</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(397,046)</u>	<u>488,117</u>	<u>(299,831)</u>	<u>(653,602)</u>	<u>16,366</u>	<u>4,977</u>	<u>(841,019)</u>
OTHER FINANCING SOURCES (USES)							
Lease proceeds	-	250,000	-	-	-	-	250,000
Transfers in	907,400	-	221,466	962,000	-	-	2,090,866
Transfers out	(437,000)	(344,700)	-	-	(1,466)	-	(783,166)
Total Other Financing Sources (Uses)	<u>470,400</u>	<u>(94,700)</u>	<u>221,466</u>	<u>962,000</u>	<u>(1,466)</u>	<u>-</u>	<u>1,557,700</u>
NET CHANGE IN FUND BALANCES	73,354	393,417	(78,365)	308,398	14,900	4,977	716,681
FUND BALANCES, OCTOBER 1	<u>2,526,967</u>	<u>405,775</u>	<u>3,713,367</u>	<u>353,866</u>	<u>288,170</u>	<u>65,335</u>	<u>7,353,480</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 2,600,321</u>	<u>799,192</u>	<u>3,635,002</u>	<u>662,264</u>	<u>303,070</u>	<u>70,312</u>	<u>8,070,161</u>

CITY OF ROLLA, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net Change In Fund Balances - Governmental Funds		\$ 716,681
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,230,685) exceeded capital outlays over the capitalization threshold (\$1,879,367) in the current period.		(1,351,318)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to decrease net position.		(625)
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements.		(27,099)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.		
Lease proceeds	(250,000)	
Repayments:		
Capital leases	452,979	
Bonds and certificates of participation payable	601,418	
Amortization	22,987	
Net Adjustment	827,384	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on bonds	19,975	
Compensated absences	6,012	
Net pension obligation	(30,015)	(4,028)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The net expense of certain activities of the Internal Service Fund is reported with governmental activities.		44,540
Change In Net Position Of Governmental Activities		\$ 205,535

CITY OF ROLLA, MISSOURI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Enterprise Funds			Internal Service Fund
	Sewer	Environmental Services	Total	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 695,029	563,484	1,258,513	541,703
Utilities receivable, net	543,139	414,484	957,623	-
Other accounts receivable	-	-	-	18,581
Accrued interest receivable	19,831	-	19,831	-
Prepaid items	30,318	53,731	84,049	-
Total Current Assets	<u>1,288,317</u>	<u>1,031,699</u>	<u>2,320,016</u>	<u>560,284</u>
Noncurrent Assets				
Cash and cash equivalents - restricted	1,179,330	-	1,179,330	-
Investments - restricted	1,750,204	-	1,750,204	-
Capital assets:				
Land	591,438	670,663	1,262,101	-
Construction in progress	3,080,169	-	3,080,169	-
Buildings	1,863,017	2,897,731	4,760,748	-
Sewer treatment plant	14,921,589	-	14,921,589	-
Sewer mains and lines	13,147,342	-	13,147,342	-
Manhole covers	1,459,701	-	1,459,701	-
Major moveable equipment	1,652,012	3,345,391	4,997,403	-
Less - Accumulated depreciation	<u>(12,228,237)</u>	<u>(3,017,285)</u>	<u>(15,245,522)</u>	<u>-</u>
Total Capital Assets	<u>24,487,031</u>	<u>3,896,500</u>	<u>28,383,531</u>	<u>-</u>
Total Noncurrent Assets	<u>27,416,565</u>	<u>3,896,500</u>	<u>31,313,065</u>	<u>-</u>
Total Assets	<u>28,704,882</u>	<u>4,928,199</u>	<u>33,633,081</u>	<u>560,284</u>
LIABILITIES				
Current Liabilities				
Accounts payable	83,337	179,426	262,763	139,309
Accrued liabilities	29,968	51,110	81,078	-
Accrued interest payable	91,602	-	91,602	-
Arbitrage payable	82,789	-	82,789	-
Current maturities of long-term debt	746,705	50,567	797,272	-
Total Current Liabilities	<u>1,034,401</u>	<u>281,103</u>	<u>1,315,504</u>	<u>139,309</u>
Noncurrent Liabilities				
Certificates of participation payable	4,584,614	-	4,584,614	-
Revenue bonds payable, net	4,036,850	-	4,036,850	-
Payable to other governments	1,567,798	-	1,567,798	-
Compensated absences payable	28,124	50,567	78,691	-
Total Noncurrent Liabilities	<u>10,217,386</u>	<u>50,567</u>	<u>10,267,953</u>	<u>-</u>
Total Liabilities	<u>11,251,787</u>	<u>331,670</u>	<u>11,583,457</u>	<u>139,309</u>
NET POSITION				
Net investment in capital assets	15,701,965	3,896,500	19,598,465	-
Restricted	723,967	-	723,967	-
Unrestricted	<u>1,027,163</u>	<u>700,029</u>	<u>1,727,192</u>	<u>420,975</u>
Total Net Position	<u>\$ 17,453,095</u>	<u>4,596,529</u>	<u>22,049,624</u>	<u>420,975</u>

See notes to financial statements

CITY OF ROLLA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds			Internal Service Fund
	Sewer	Environmental Services	Total	
OPERATING REVENUES				
Charges for services	\$ 2,931,645	3,254,267	6,185,912	-
Charges to other departments	-	-	-	1,978,021
Contributions - employees	-	-	-	618,133
Total Operating Revenues	<u>2,931,645</u>	<u>3,254,267</u>	<u>6,185,912</u>	<u>2,596,154</u>
OPERATING EXPENSES				
Personnel services	727,901	1,330,120	2,058,021	-
Contractual services	150,658	100,573	251,231	-
Repairs and maintenance	196,616	167,577	364,193	-
Supplies	80,312	416,612	496,924	-
Utilities	277,711	27,273	304,984	-
Insurance claims and expenses	37,606	66,649	104,255	2,554,315
Landfill	-	743,910	743,910	-
Depreciation	685,879	307,672	993,551	-
Miscellaneous	5,147	9,941	15,088	-
Total Operating Expenses	<u>2,161,830</u>	<u>3,170,327</u>	<u>5,332,157</u>	<u>2,554,315</u>
OPERATING INCOME	<u>769,815</u>	<u>83,940</u>	<u>853,755</u>	<u>41,839</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	190,490	365	190,855	2,701
Other revenue	-	270	270	-
Gain on sale of capital assets	-	32,566	32,566	-
Interest and fiscal charges	(292,099)	-	(292,099)	-
Total Nonoperating Revenues (Expenses)	<u>(101,609)</u>	<u>33,201</u>	<u>(68,408)</u>	<u>2,701</u>
INCOME BEFORE CAPITAL CON- TRIBUTIONS AND TRANSFERS	668,206	117,141	785,347	44,540
CAPITAL CONTRIBUTIONS	55,504	8,472	63,976	-
TRANSFERS OUT	<u>(1,105,400)</u>	<u>(202,300)</u>	<u>(1,307,700)</u>	<u>-</u>
CHANGE IN NET POSITION	(381,690)	(76,687)	(458,377)	44,540
NET POSITION, OCTOBER 1	<u>17,834,785</u>	<u>4,673,216</u>	<u>22,508,001</u>	<u>376,435</u>
NET POSITION, SEPTEMBER 30	<u>\$ 17,453,095</u>	<u>4,596,529</u>	<u>22,049,624</u>	<u>420,975</u>

See notes to financial statements

CITY OF ROLLA, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Environmental Services</u>	<u>Total</u>	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash flows from operating activities:				
Cash received from customers	\$ 2,987,516	3,319,267	6,306,783	2,554,315
Cash paid to suppliers	(1,392,160)	(1,483,607)	(2,875,767)	(2,554,315)
Cash paid to employees	(730,369)	(1,338,298)	(2,068,667)	-
Net Cash Provided By Operating Activities	<u>864,987</u>	<u>497,362</u>	<u>1,362,349</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Payments to other governments	(227,500)	-	(227,500)	-
Miscellaneous income	-	270	270	-
Operating transfer out	(1,105,400)	(202,300)	(1,307,700)	-
Net Cash Used In Noncapital Financing Activities	<u>(1,332,900)</u>	<u>(202,030)</u>	<u>(1,534,930)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(2,221,902)	(295,132)	(2,517,034)	-
Proceeds from sale of capital assets	-	40,020	40,020	-
Payment of bond principal	(450,000)	-	(450,000)	-
Payment of interest expense	(411,857)	-	(411,857)	-
Payment of principal on COPs	(233,582)	-	(233,582)	-
Net Cash Used In Capital And Related Financing Activities	<u>(3,317,341)</u>	<u>(255,112)</u>	<u>(3,572,453)</u>	<u>-</u>
Cash flows from investing activities:				
Maturity of investments	243,716	-	243,716	-
Investment income	188,445	365	188,810	2,701
Net Cash Provided By Investing Activities	<u>432,161</u>	<u>365</u>	<u>432,526</u>	<u>2,701</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,353,093)	40,585	(3,312,508)	2,701
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>5,227,452</u>	<u>522,899</u>	<u>5,750,351</u>	<u>539,002</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>\$ 1,874,359</u></u>	<u><u>563,484</u></u>	<u><u>2,437,843</u></u>	<u><u>541,703</u></u>

See notes to financial statements

(Continued)

CITY OF ROLLA, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Environmental Services</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 769,815	83,940	853,755	41,839
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	685,879	307,672	993,551	-
(Increase) decrease in:				
Utilities receivable	55,871	65,000	120,871	-
Other accounts receivable	-	-	-	(2,138)
Prepaid items	(2,818)	(4,992)	(7,810)	-
Increase (decrease) in:				
Accounts payable	(640,811)	53,920	(586,891)	(35,451)
Accrued expenses	(1,021)	(1,632)	(2,653)	(4,250)
Compensated absences	(1,446)	(6,546)	(7,992)	-
Arbitrage payable	(482)	-	(482)	-
Total Adjustments	<u>95,172</u>	<u>413,422</u>	<u>508,594</u>	<u>(41,839)</u>
Net Cash Provided By Operating Activities	<u>\$ 864,987</u>	<u>497,362</u>	<u>1,362,349</u>	<u>-</u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF ROLLA, MISSOURI** (the City) was incorporated on January 25, 1861, under the provisions of the State of Missouri. The City operates under a City Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include sewer operations and sanitation services. Rolla Municipal Utilities (RMU) provides water and electric services.

The accounting and financial reporting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City.

Discretely Presented Component Unit

RMU was established by City Ordinance in 1944. RMU is operated by a Board of Public Works, the members of which are appointed by the Mayor and approved by the City Council. In accordance with GASB Statement No. 14, after consideration of the financial benefits and other criteria, RMU has been included as a component unit in the City's reporting entity and is discretely presented as such in the basic financial statements. RMU's audited component unit financial statements for the year ended September 30, 2014, are available in their entirety at RMU.

Related Organization

After due consideration of each criteria, especially the substance of the City's relationship with organizations/entities and using professional judgment, an organization was excluded from the City's financial statements because significant financial accountability does not exist. This organization together with the reasons for its exclusion from the City's reporting entity is as follows:

The Phelps County Landfill Board (Landfill Board) is an independent organization that operates a county-wide landfill. The board members are representatives of the cities within Phelps County, Missouri, and a representative of the Phelps County Commission. The City provides daily managerial and accounting services for a monthly fee. The Landfill Board maintains oversight responsibility and holds title to its assets. The City does not have budgetary authority, has no control over selection of Board members, and is not responsible for funding deficits. The landfill has been closed and is no longer accepting refuse. However, the Landfill Board operates a transfer station for disposal of area solid waste.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activities have been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (i.e., matured).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund -- The Street Fund of the City is used to account for resources restricted, committed, or assigned for the street department and certain other capital improvements within the City.

Park and Recreation Fund -- The Parks and Recreation Fund is used to account for tax revenues and charges for services that are restricted, committed, or assigned for the City's Parks and Recreation Center.

Airport Fund -- The Airport Fund is used to account for charges for services and expenditures that are restricted, committed, or assigned for the City Airport.

Cemetery Fund -- The Cemetery Fund is used to account for resources that are restricted, committed, or assigned for the City cemetery.

Park Land Reserve Fund -- The Park Land Reserve Fund is used to account for proceeds that are restricted, committed, or assigned from the sale of park land.

The City reports the following major proprietary funds:

Sewer Fund -- The Sewer Fund accounts for the activities and capital improvements of the City's sewer system.

Environmental Services Fund -- The Environmental Services Fund accounts for the activities and capital improvements of the City's sanitation department and recycling center.

Internal Service Fund -- The Internal Service Fund accounts for the costs of self-insurance funds on a cost-reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimate fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB Statement No. 34, infrastructure, such as streets and storm sewers, completed in the current year has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

The service lives by type of asset are as follows:

Assets	Years
Primary Government	
Major moveable equipment	4 - 10
Sewer mains and lines	100
Sewer plant	40
Manhole additions	100
Buildings and improvements	10 - 30
Streets	50
Wearing surfaces	7 - 13
Inlets	100
Sidewalks	50
Storm sewers	50 - 100

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets (Continued)

	Assets	Years
RMU		
Electric plant:		
General electric plant		20
Transportation equipment		6 ² / ₃
Power operated equipment		6 ² / ₃
Stores, laboratory tools, communication and miscellaneous equipment		10
Water plant:		
General water plant		33 ¹ / ₃
Pumping plant		10
Chlorination and fluoridation equipment		20
Laboratory and general equipment		10

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

5. Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

6. Inventory

Primary Government

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

RMU

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

7. Compensated Absences

Primary Government

Annual vacation leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for up to 6 weeks unused accrued vacation leave.

Effective October 1, 1990, the City adopted a sick leave policy whereby full-time employees with five years or more employment with the City can accumulate up to 18 weeks sick leave.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Compensated Absences (Continued)

Upon retirement or resignation in good faith, full-time employees are entitled to one-fourth (1/4) regular pay; [one-sixth (1/6) regular pay for nonexempt fire personnel] for the first nine weeks unused sick leave and one-half (1/2) regular pay [one-third (1/3) regular pay for fire personnel] for any unused sick leave above nine weeks to a maximum of 18 weeks in total.

Liabilities for compensated absences are determined at the end of the year based on current salary rates. Compensated absences are reported in the statement of net position for both the governmental and business-type activities. The accumulated annual leave of the Enterprise Funds is included as an accrued liability of such funds.

Liability for sick leave was recognized during the current year based on the following criteria:

- a) The City's obligation relating to sick leave is attributable to employees' services already rendered.
- b) The obligation relates to rights that vest or accumulate.
- c) The amount can be reasonably estimated based on current pay rates.

Compensated absences are recorded as a liability in the statement of net position.

RMU

Annual vacation leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for unused accrued vacation leave up to a maximum of 240 hours. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

8. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

9. Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with FASB Accounting Standards Codification (ASC) Topic No. 835-20-30 - *The Amount Interest Cost to be Capitalized in Situations Involving Certain Tax-Exempt Borrowing and Certain Gifts and Grants*. Capitalized interest totaled \$112,713 for the year ended September 30, 2014.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

11. Deposits and Investments

Primary Government

For financial statement purposes, the City considers all accounts subject to withdrawal by check or on demand to be cash equivalents. All other deposits and certificates of deposit are considered to be investments.

RMU

For purposes of the statement of cash flow, RMU considers all accounts subject to withdrawal by check or on demand to be cash equivalents. All other deposits and certificates of deposit are considered to be investments. Investments are stated at fair value. Fair value on investments are determined by closing market prices at year-end as reported by the custodian.

12. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of a governmental fund's fund balances that are not in a spendable form or are required to be maintained intact.

Restricted -- The portion of a governmental fund's fund balances that are subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of a governmental fund's fund balances with self-imposed constraints or limitations by formal action (resolution) of the City Council, the highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose, as determined by the applicable designated officials to which the City Council has designated authority. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fund Balance Policies (Continued)

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

City Council has formally adopted a minimum fund balance policy of 25% (three months) of operating expenditures in the General Fund.

13. Post-employment Health Care Benefits

Retiree Benefits -- The City offers post-employment health care benefits to all eligible employees who retire from the City. Retirees are eligible until attainment of Medicare Eligibility Age. Retirees pay a rate less than 100% of the cost, determined by City Council as the City is self-insured.

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

15. Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Transfers -- Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Interfund Transactions (Continued)

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of September 30, 2014, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

As of September 30, 2014, RMU's bank balances were entirely secured or collateralized with securities held by RMU or by its agent in RMU's name.

2. Investments

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

	Fair Value	Maturities			Credit Risk
		No Maturity	1 - 5 Years	6 - 10 Years	
Business-type Activities					
Guaranteed investment contracts	\$1,750,019	-	131,750	1,618,269	Not rated
State and local government series	185	-	-	185	AAA
Money market fund	437,767	437,767	-	-	Not rated
Total Investments	<u>\$2,187,971</u>	<u>437,767</u>	<u>131,750</u>	<u>1,618,454</u>	

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the City minimizes credit risk by diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse inter

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

est rate changes. In accordance with its investment policy, the City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity and investing in primarily short-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. In accordance with its investment policy, the City minimizes concentration of credit risk by diversifying the investment portfolio.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable are presented net of allowance for doubtful accounts as follows:

	For The Year Ended September 30, 2014		
	Accounts Receivable	Allowance	Net Accounts Receivable
Primary Government			
Taxes receivables:			
General Fund	\$ 1,075,725	(5,050)	1,070,675
Street Fund	742,816	-	742,816
Parks and Recreation Fund	9,972	-	9,972
Total Taxes Receivables	\$ 1,828,513	(5,050)	1,823,463
Utilities receivables:			
Sewer Fund	\$ 549,339	(6,200)	543,139
Environmental Services Fund	414,484	-	414,484
Total Utilities Receivables	\$ 963,823	(6,200)	957,623
Court fines receivable:			
General Fund	\$ 143,097	81,365	61,732
RMU			
Accounts receivables:			
Utilities receivable	\$ 785,574	(60,000)	725,574
Unbilled utilities receivable	1,599,957	-	1,599,957
Refundable deposits	8,220	-	8,220
Total Accounts Receivables	\$ 2,393,751	(60,000)	2,333,751

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - RESTRICTED ASSETS

Cash, investments, and net position have been restricted in the following funds and activities as follows:

	September 30, 2014	
	Restricted Cash And Investments	Restricted Net Position
General Fund		
Court bonds	\$ 5,219	-
TIF deposits	126,173	116,076
Refundable permits	26,700	-
Police evidence	54,793	-
Seizures and forfeitures	21,258	21,258
Animal control shelter	454,395	454,395
Property fire	158	-
	\$ 688,696	591,729
Total General Fund	\$ 688,696	591,729
 Sewer Fund		
1996E Revenue Bonds:		
Reserve account	\$ 98,000	-
Rebate account	3,452	-
Debt service reserve	2,700	2,700
Principal and interest	38,180	38,180
2000A Revenue Bonds:		
Reserve account	1,469,798	-
Rebate account	60,930	-
Debt service reserve	1,657	1,657
Principal and interest	139,869	139,869
2006B Revenue Bonds:		
Rebate account	18,407	-
Principal and interest	41,561	41,561
Depreciation and replacement	500,000	500,000
2012B Certificates of Participation proceeds	554,980	-
	\$ 2,929,534	723,967
Total Sewer Fund	\$ 2,929,534	723,967

NOTE E - LONG-TERM LIABILITIES

Governmental Activities

Long-term debt of the City consists of eight capital lease purchase agreements, Series 2012 certificates of participation, one general obligation bond issue payable, and compensated absences payable.

Series 2012 Certificates of Participation

On, June 29, 2012, the City issued \$2,755,000 of Series 2012 certificates of participation. The certificates of participation were issued to refinance the 2010 DNR Energy Efficiency Project and are split between governmental and business-type activities. The certificates of participation bear interest from 2% to 3.40% with principal payments due January 1 and interest payments due January 1 and July 1 each year.

Capital Leases

On March 21, 2005, the City entered into a 20-year lease purchase agreement to finance City Hall improvements. The agreement requires annual payments of \$187,621, including interest at 4.3%.

On May 1, 2007, the City entered into an 11-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$65,120, including interest at 6.37%.

On September 5, 2007, the City entered into a 20-year lease purchase agreement to finance the purchase of forest service land. This is a noninterest bearing lease maturing January 1, 2027. In accordance with APB No. 21, an effective interest rate of 4% was calculated based on the City's borrowing abilities. The lease requires annual payments of \$25,550, including effective interest of 4%.

On February 15, 2011, the City entered into a 9-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$76,794, which includes interest at 2.99%.

On January 19, 2012, the City entered into a 4-year lease purchase agreement to finance the purchase of 12 police vehicles. The agreement requires annual lease payments of \$73,143, which includes interest at 1.49%.

On February 8, 2013, the City entered into a 10-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$50,432, which includes interest at 2.35%.

On February 8, 2013, the City entered into a 5-year lease purchase agreement to finance the purchase of a new track loader, street sweeper, and backhoe for public works. The agreement requires lease payments of \$70,079, which includes interest at 1.45%.

On March 19, 2014, the City entered into a 5-year lease purchase agreement to finance the purchase of a new motor grader and dump truck. The agreement requires lease payments of \$52,701, which includes interest at 1.78%.

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES (Continued)

These lease agreements provide for cancellation of the leases on the annual renewal dates if the City should fail to appropriate funds. However, the City does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancellable capital leases.

The assets acquired through the capital leases are as follows:

	September 30
	2014
	<hr/>
Land	\$ 356,512
Building	1,763,319
Machinery and equipment	2,935,881
Total Cost	<hr/> 5,055,712
Less - Accumulated depreciation	<hr/> 1,757,307
	<hr/>
Net Book Value	<u><u>\$ 3,298,405</u></u>

The total annual minimum lease payments required at September 30, 2014, are as follows:

For The Years Ended September 30	City Hall Improve- ments	2007 Fire Truck	Forest Land	2011 Fire Truck	Police Vehicles	2013 Fire Truck	Public Works Equip- ment	Public Works Equip- ment	Total
2015	\$ 187,621	65,120	25,550	76,794	73,143	50,432	70,079	52,701	601,440
2016	187,621	65,120	25,550	76,794	-	50,432	70,079	52,701	528,297
2017	187,621	65,120	25,550	76,794	-	50,432	70,079	52,701	528,297
2018	187,621	65,120	25,550	76,794	-	50,432	-	52,701	458,218
2019	187,621	-	25,550	76,794	-	50,432	-	52,701	393,098
2020 - 2024	938,105	-	127,750	76,794	-	151,296	-	-	1,293,945
2025 - 2029	93,811	-	76,650	-	-	-	-	-	170,461
Total Minimum Lease Payments	1,970,021	260,480	332,150	460,764	73,143	403,456	210,237	263,505	3,973,756
Less - Interest	(397,501)	(22,926)	(77,017)	(44,618)	(1,073)	(39,531)	(5,953)	(13,505)	(602,124)
Principal Bal- ance, Septem- ber 30, 2014	<u>\$ 1,572,520</u>	<u>237,554</u>	<u>255,133</u>	<u>416,146</u>	<u>72,070</u>	<u>363,925</u>	<u>204,284</u>	<u>250,000</u>	<u>3,371,632</u>

Series 2012 General Obligation Refunding Bonds

On September 5, 2012, the City issued \$3,445,000 in general obligation refunding bonds due in varying annual installments through March 1, 2019, with interest at 2%, due on March 1 and September 1 of each year.

September 30
2014

\$2,900,000

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES (Continued)

Principal and interest payments are due as follows:

<u>For The Years Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 540,000	52,600	592,600
2016	560,000	41,600	601,600
2017	580,000	30,200	610,200
2018	600,000	18,400	618,400
2019	620,000	6,200	626,200
Total	<u>\$ 2,900,000</u>	<u>149,000</u>	<u>3,049,000</u>

A summary of changes in long-term liabilities is as follows:

Governmental Activities

	<u>For The Year Ended September 30, 2014</u>			<u>Amounts Due Within One Year</u>	
	<u>Balance September 30 2013</u>	<u>Additions</u>	<u>Deletions</u>		<u>Balance September 30 2014</u>
	Capital leases payable	\$ 3,574,611	250,000		452,979
General obligation bonds	3,420,000	-	520,000	2,900,000	540,000
Plus - Premium on bonds	143,188	-	32,948	110,240	-
Certificates of participation	1,363,222	-	81,418	1,281,804	81,418
Compensated absences payable	989,339	485,652	491,664	983,327	491,664
Total Governmental Activities Long- term Liabilities	<u>\$ 9,490,360</u>	<u>735,652</u>	<u>1,579,009</u>	<u>8,647,003</u>	<u>1,599,528</u>

The liability for compensated absences is generally liquidated by the General Fund.

Business-type Activities

Long-term debt in the Sewer Fund consists of the 1996E and 2000A Wastewater System Revenue Bonds, the 2006B Sewerage System Revenue Bonds, and the Series 2012 and 2012B certificates of participation.

Series 2012 Certificates of Participation

On June 29, 2012, the City issues \$2,755,000 of Series 2012 certificates of participation. The certificates of participation were issued to refinance the 2010 DNR Energy Efficiency Project and are split between governmental and business-type activities. The certificates of participation bear interest from 2% to 3.4% with principal payments due January 1 and interest payments due January 1 and July 1 each year. The lease is to be repaid over 15 years.

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES (Continued)

The annual debt service requirements on the Series 2012 certificates of participation, split between the Sewer Fund and the governmental activities of the City, at September 30, 2014, are as follows:

For The Years Ended September 30	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 81,418	32,562	73,582	29,426	155,000	61,988
2016	84,048	30,907	75,952	27,930	160,000	58,837
2017	86,675	29,200	78,325	26,388	165,000	55,588
2018	86,675	27,466	78,325	24,821	165,000	52,287
2019	89,301	25,595	80,699	23,130	170,000	48,725
2020 - 2024	485,903	91,539	439,097	82,721	925,000	174,260
2025 - 2027	367,784	16,893	262,216	15,266	630,000	32,159
Total	<u>\$ 1,281,804</u>	<u>254,162</u>	<u>1,088,196</u>	<u>229,682</u>	<u>2,370,000</u>	<u>483,844</u>

Series 2012B Certificates of Participation

In October 2012, the City issued \$4,080,000 of Series 2012B certificates of participation. The certificates of participation were issued to pay the costs of acquiring, constructing, and equipping improvements to the City's sewer system. The certificates of participation bear interest from 2% to 3.45%. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year.

The annual debt service requirements on the Series 2012B certificates of participation at September 30, 2014, are as follows:

For The Years Ended September 30	Principal	Interest	Total
2015	\$ 165,000	110,312	275,312
2016	170,000	107,012	277,012
2017	170,000	103,612	273,612
2018	175,000	100,212	275,212
2019	180,000	94,962	274,962
2020 - 2024	975,000	398,229	1,373,229
2025 - 2029	1,130,000	245,614	1,375,614
2030 - 2032	770,000	53,648	823,648
Total	<u>\$ 3,735,000</u>	<u>1,213,601</u>	<u>4,948,601</u>

NOTE E - LONG-TERM LIABILITIES (Continued)

1996E Wastewater System Revenue Bonds

In December 1996, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$616,000 in Wastewater System Revenue Bonds, Series 1996E. The bonds bear interest at 3.8% to 6%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves, which earn interest at 5.2%. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 1996E revenue bonds outstanding at September 30, 2014, are as follows:

For The Years Ended September 30	Principal	Interest	Administrative Fee	Total
2015	\$ 45,000	6,180	1,000	52,180
2016	45,000	3,806	678	49,484
2017	50,000	1,313	357	51,670
Total	<u>\$ 140,000</u>	<u>11,299</u>	<u>2,035</u>	<u>153,334</u>

2000A Wastewater System Revenue Bonds

In March 2000, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$5,000,000 in Wastewater System Revenue Bonds, Series 2000A. The bonds bear interest at 4.6% to 5.75%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves, which earn interest at 5.4%. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 2000A revenue bonds outstanding at September 30, 2014, are as follows:

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES (Continued)

For The Years Ended September 30	Principal	Interest	Administrative Fee	Total
2015	\$ 305,000	117,875	14,958	437,833
2016	320,000	100,338	12,781	433,119
2017	340,000	82,738	10,496	433,234
2018	355,000	63,867	8,068	426,935
2019	375,000	43,987	5,532	424,519
2020 - 2021	400,000	22,800	2,856	425,656
Total	<u>\$2,095,000</u>	<u>431,605</u>	<u>54,691</u>	<u>2,581,296</u>

2006B Sewerage System Revenue Bonds

In July 2007, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$3,005,000 in Sewerage System Revenue Bonds, Series 2006B. The bonds bear interest at 4% to 5%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves, which earn interest at 4.125%. Interest payments are due semi-annually on January 1 and July 1 each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.515% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 2006B revenue bonds outstanding at September 30, 2014, are as follows:

For The Years Ended September 30	Principal	Interest	Administrative Fee	Total
2015	\$ 130,000	100,687	11,459	242,146
2016	135,000	95,488	10,789	241,277
2017	140,000	90,088	10,094	240,182
2018	150,000	83,087	9,373	242,460
2019	155,000	77,087	8,600	240,687
2020 - 2021	880,000	277,338	26,135	1,183,473
2025 - 2027	635,000	56,326	6,644	697,970
Total	<u>\$2,225,000</u>	<u>780,101</u>	<u>83,094</u>	<u>3,088,195</u>

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES (Continued)

A summary of changes in long-term liabilities is as follows:

	<u>For The Year Ended September 30, 2014</u>			<u>Balance</u> <u>September 30</u> <u>2014</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
	<u>Balance</u> <u>September 30</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>		
	Revenue bonds	\$ 4,910,000	-		
Plus - Premium on bonds	61,587	-	4,737	56,850	-
Certificates of participation	5,056,778	-	233,582	4,823,196	238,582
Compensated absences	165,373	70,698	78,690	157,381	78,690
Total Business-type Activities Long- term Liabilities	<u>\$ 10,193,738</u>	<u>70,698</u>	<u>767,009</u>	<u>9,497,427</u>	<u>797,272</u>

Payable to Other Governments

In conjunction with the bonds dated December 1996 and March 2000, reserve accounts have been established with no-interest loans funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, these loans (reserve accounts) will be funded in an amount equal to 70% of the outstanding principal amount of such bonds. These reserve accounts are held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve accounts will be reduced such that the reserve accounts will equal 70% of the remaining principal of such bonds.

RMU

A summary of changes in long-term liabilities is as follows:

	<u>For The Year Ended September 30, 2014</u>			<u>Balance</u> <u>September 30</u> <u>2014</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
	<u>Balance</u> <u>September 30</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>		
	Leases payable	\$ 14,338,000	-		
Compensated absences	125,205	124,684	122,704	127,185	127,185
Total	<u>\$ 14,463,205</u>	<u>124,684</u>	<u>876,704</u>	<u>13,711,185</u>	<u>915,185</u>

Leases Payable

RMU entered into a lease purchase agreement during the year ended September 30, 2005, for construction of water towers and other improvements. The lease agreement calls for varying semi-annual principal payments through 2023 with interest at 3.55%. Current maturity of lease principal is \$130,000.

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES (Continued)

RMU entered into a lease purchase agreement during the year ended September 30, 2009, for construction of electric power substation, purchase transmission lines, and related equipment. The lease agreement calls for varying monthly principal payments through 2029 with interest at 3.885%. Current maturity of lease principal is \$658,000.

These lease purchase agreements provide for cancellation of the leases if RMU should fail to appropriate funds on the annual renewal dates. However, RMU does not foresee exercising its right to cancel. Therefore, these leases are accounted for as noncancelable capital leases.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

<u>For The Years Ended September 30</u>	<u>Water Towers</u>	<u>Electric Substation</u>	<u>Total</u>
2015	\$ 188,356	1,097,895	1,286,251
2016	187,568	1,099,215	1,286,783
2017	186,278	1,100,423	1,286,701
2018	185,038	1,102,850	1,287,888
2019	183,414	1,104,251	1,287,665
2020 - 2024	751,171	5,552,758	6,303,929
2025 - 2027	-	4,767,803	4,767,803
Total Minimum Lease Payments	1,681,825	15,825,195	17,507,020
Less - Imputed interest	291,825	3,631,195	3,923,020
Present Value Of Minimum Lease Payments	\$ 1,390,000	12,194,000	13,584,000

The assets acquired through the capital leases are as follows:

	<u>September 30 2014</u>
Cost	\$ 17,033,496
Less - Accumulated depreciation	3,651,440
Net Book Value	\$ 13,382,056

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - CAPITAL ASSETS

Capital asset activity was as follows:

Primary Government

	For The Year Ended September 30, 2014			
	Balance September 30 2013	Increases	Decreases	
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 12,674,452	3,013	-	12,677,465
Construction in progress	1,394,717	487,020	-	1,881,737
Total Capital Assets Not Being Depreciated	<u>14,069,169</u>	<u>490,033</u>	<u>-</u>	<u>14,559,202</u>
Capital assets being depreciated:				
Building and improvements	24,920,239	22,065	-	24,942,304
Machinery and equipment	10,729,319	424,098	100,871	11,052,546
Infrastructure	76,633,356	943,171	-	77,576,527
Total Capital Assets Being Depreciated	<u>112,282,914</u>	<u>1,389,334</u>	<u>100,871</u>	<u>113,571,377</u>
Less - Accumulated depreciation for:				
Building and improvements	11,411,026	853,041	-	12,264,067
Machinery and equipment	6,930,205	674,787	100,246	7,504,746
Infrastructure	29,465,422	1,702,857	-	31,168,279
Total Accumulated Depre- ciation	<u>47,806,653</u>	<u>3,230,685</u>	<u>100,246</u>	<u>50,937,092</u>
Total Capital Assets Being Depreciated, Net	<u>64,476,261</u>	<u>(1,841,351)</u>	<u>625</u>	<u>62,634,285</u>
 Total Capital Assets - Gov- ernmental Activities, Net	 <u>\$ 78,545,430</u>	 <u>(1,351,318)</u>	 <u>625</u>	 <u>77,193,487</u>

Depreciation expense for governmental activities was charged to functions as follows:

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - CAPITAL ASSETS (Continued)

	For The Year Ended September 30 2014
Governmental Activities	
Administrative	\$ 153,679
Administrator	1,567
Finance	3,070
Animal shelter	5,998
Police	157,240
Fire	329,254
Building maintenance	8,685
Engineering	2,835
Community development	1,962
Public works	1,898,577
Parks and recreation	512,846
Airport	153,542
Cemetery	1,430
	<u>1,430</u>
Total	<u>\$ 3,230,685</u>

Capital asset activity was as follows:

	For The Year Ended September 30, 2014			
	Balance September 30 2013	Increases	Decreases	Balance September 30 2014
Business-type Activities - Sewer				
Capital assets not being depreciated:				
Land	\$ 587,779	3,659	-	591,438
Construction in progress	848,973	2,231,196	-	3,080,169
Total Capital Assets Not Being Depreciated	<u>1,436,752</u>	<u>2,234,855</u>	<u>-</u>	<u>3,671,607</u>
Capital assets being depreciated:				
Buildings	1,863,017	-	-	1,863,017
Equipment	1,631,176	20,836	-	1,652,012
Sewer collection system	29,394,204	134,428	-	29,528,632
Total Capital Assets Being Depreciated	<u>32,888,397</u>	<u>155,264</u>	<u>-</u>	<u>33,043,661</u>
Less - Accumulated depreciation for:				
Buildings	731,191	130,799	-	861,990
Equipment	1,290,127	74,465	-	1,364,592
Sewer collection system	9,521,040	480,615	-	10,001,655
Total Accumulated Depreciation	<u>11,542,358</u>	<u>685,879</u>	<u>-</u>	<u>12,228,237</u>
Total Capital Assets, Business-type Activities - Sewer, Being Depreciated, Net	<u>21,346,039</u>	<u>(530,615)</u>	<u>-</u>	<u>20,815,424</u>
Total Capital Assets - Business-type Activities - Sewer, Net	<u>\$ 22,782,791</u>	<u>1,704,240</u>	<u>-</u>	<u>24,487,031</u>

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - CAPITAL ASSETS (Continued)

	For The Year Ended September 30, 2014			
	Balance			Balance
	September 30 2013	Increases	Decreases	September 30 2014
Business-type Activities - Environmental Services				
Capital assets not being depreciated:				
Land	\$ 670,663	-	-	670,663
Capital assets being depreciated:				
Buildings	2,890,861	6,870	-	2,897,731
Equipment	3,147,948	296,734	99,291	3,345,391
Total Capital Assets Being Depreciated	6,038,809	303,604	99,291	6,243,122
Less - Accumulated depreciation for:				
Buildings	651,006	104,436	-	755,442
Equipment	2,150,444	203,236	91,837	2,261,843
Total Accumulated Depreciation	2,801,450	307,672	91,837	3,017,285
Total Capital Assets, Business-type Activities Environmental Services, Being Depreciated, Net	3,237,359	(4,068)	7,454	3,225,837
Total Capital Assets - Business-type Activities - Environmental Services, Net	\$ 3,908,022	(4,068)	7,454	3,896,500
Grand Total Capital Assets - Business- type Activities, Net	\$ 26,690,813	1,700,172	7,454	28,383,531

RMU

	For The Year Ended September 30, 2014			
	Balance			Balance
	September 30 2013	Increases	Decreases	September 30 2014
Business-type Activities				
Capital assets not being depreciated:				
Land and easements	\$ 2,740,106	490	-	2,740,596
Capital assets being depreciated:				
Buildings and improvements	4,820,944	56,038	2,423	4,874,559
Office furniture, fixtures, and equipment	1,047,192	-	-	1,047,192
Transportation equipment	1,400,964	243,836	162,748	1,482,052
Distribution system	57,360,932	1,287,977	254,208	58,394,701
Production system	8,466,747	-	-	8,466,747
Total Capital Assets Being Depreciated	73,096,779	1,587,851	419,379	74,265,251
Less - Accumulated depreciation for:				
Buildings and improvements	3,173,464	140,792	-	3,314,256
Office furniture, fixtures, and equipment	915,889	45,338	-	961,227
Transportation equipment	1,093,454	79,292	152,759	1,019,987
Distribution system	25,364,690	2,130,386	259,919	27,235,157
Production system	5,036,752	412,769	-	5,449,521
Total Accumulated Depreciation	35,584,249	2,808,577	412,678	37,980,148
Total Capital Assets Being Depreciated, Net	37,512,530	(1,220,726)	6,701	36,285,103
Total Capital Assets - Business- type Activities, Net	\$ 40,252,636	(1,220,236)	6,701	39,025,699

NOTE G - PENSION PLAN

Primary Government

1. Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by state statute, section RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Status

Full-time employees of the City do not contribute to the pension plan. The June 30 statutorily required contribution rates are 14.1% (General), 10.7% (Police), and 17.3% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The City's APC and NPO for the current year were as follows:

Annual required contribution (ARC)	\$ 1,031,740
Interest on NPO	18,556
Adjustment to ARC	<u>(16,398)</u>
APC	1,033,898
Actual contributions	<u>1,003,883</u>
Increase in NPO	30,015
NPO, beginning of year	<u>255,941</u>
NPO, End Of Year	<u><u>\$ 285,956</u></u>

The ARC was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included: a) a rate of return on the investment of present and future assets of 7.25%

NOTE G - PENSION PLAN (Continued)

3. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Continued)

per year, compounded annually, b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit, d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back zero years for men and zero years for women, and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2011 was 20 years for the General division, 30 years for the Police division, and 20 years for the Fire division. The amortization period as of February 29, 2012 was 21 years for the General division, 30 years for the Police division, and 19 years for the Fire division.

4. Trend Information

Three-Year Trend Information

For The Plan Years Ended <u>June 30</u>	<u>APC</u>	<u>Percentage Of APC Contributed</u>	<u>NPO</u>
2014	\$1,033,898	97.1%	\$285,956
2013	1,045,637	95.5	255,941
2012	1,053,285	91.8	209,105

Schedule of Funding Progress - Required Supplemental Information

For The Actuarial Valuation Years Ended <u>February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>UAAL</u>
2014	\$19,769,506	\$19,832,561	\$ 63,055
2013	17,416,146	19,130,975	1,714,829
2012	16,527,859	18,970,096	2,442,237

NOTE G - PENSION PLAN (Continued)

4. Trend Information (Continued)

For The Actuarial Valuation Years Ended <u>February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL As A Percentage Of Covered Payroll</u>
2014	100%	\$7,165,726	1%
2013	91	7,098,382	24
2012	87	7,284,431	34

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City, MO.

RMU

1. Plan Description

RMU participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by state statute, section RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Status

Full-time employees of RMU do not contribute to the pension plan. The June 30 statutorily required contribution rates are 16.1% (General) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of RMU. The contribution provisions of RMU are established by state statute.

NOTE G - PENSION PLAN (Continued)

3. Annual Pension Cost (APC) and Net Pension Asset (NPA)

RMU's APC and net pension assets (NPA) for the current year were as follows:

Annual required contribution (ARC)	\$ 388,844
Interest on NPA	(137,590)
Adjustment to ARC	122,576
APC	373,830
Actual contributions	776,790
Increase in NPA	402,960
NPA, beginning of year	1,897,790
NPA, End Of Year	\$ 2,300,750

The ARC was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included: a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit, d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back zero years for men and zero years for women, and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2011 was 30 years for the General division. The amortization period as of February 29, 2012 was 29 years for the General division.

4. Trend Information

Three-Year Trend Information

For The Plan Years Ended <u>June 30</u>	<u>APC</u>	<u>Percentage Of APC Contributed</u>	<u>NPA</u>
2014	\$373,830	207.8%	\$2,300,750
2013	401,360	189.7	1,897,790
2012	438,525	170.1	1,537,871

NOTE G - PENSION PLAN (Continued)

4. Trend Information (Continued)

Schedule of Funding Progress - Required Supplemental Information

For The Actuarial Valuation Years Ended <u>February 28/29</u>	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability	<u>UAAL</u>
2014	\$7,422,546	\$8,244,528	\$ 821,982
2013	6,342,297	8,129,826	1,787,529
2012	5,472,110	7,773,580	2,301,470
For The Actuarial Valuation Years Ended <u>February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL As A Percentage Of Covered Payroll</u>
2014	90%	\$2,298,627	36%
2013	78	2,354,550	76
2012	70	2,393,464	96

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City, MO.

NOTE H - ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	September 30 2013
Assessed valuation:	
Real estate	\$ 204,448,369
Personal property	41,506,550
Total Assessed Valuation	<u>\$ 245,954,919</u>

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (Continued)

	September 30 2013
Tax rate per \$100 assessed valuation:	
General levy	\$ 0.4518
Library levy	0.1885
Park levy	0.1113
Total Tax Rate Per \$100 assessed Valuations	\$ 0.7516

The legal debt margin at September 30, 2014, was computed as follows:

	General Obligation Bonds		
	Ordinary(1)	Additional (2)	Total
Constitutional debt limit	\$ 24,595,492	24,595,492	49,190,984
General obligation bonds payable	(2,900,000)	-	(2,900,000)
Legal Debt Margin	\$ 21,695,492	24,595,492	46,290,984

- (1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed 10% of the value of the taxable tangible property in the City.

- (2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional 10% for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the value of the taxable tangible property in the City.

NOTE I - RISK MANAGEMENT

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a statewide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2015.

NOTE I - RISK MANAGEMENT (Continued)

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$213,264 for MIRMA's fiscal year ended June 30, 2015. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

NOTE J - SELF-INSURANCE

In 1983, the City established a medical self-insurance plan for City employees and their covered dependents to minimize the total cost of medical health insurance to the City. This program is for the benefit of all City employees covered under the City of Rolla's Employee Medical Plan. Medical claims exceeding an individual participant limit of \$75,000 are covered through a private insurance carrier up to \$925,000 annually.

The cash transactions of the health care plan are accounted for in the Self-Insurance Health Fund, an Internal Service Fund. At September 30, 2014, the estimated obligation of health claims based on claims filed prior to, but not yet paid, as of year-end, claims incurred during the year but filed subsequent to year-end, and an additional amount for incurred but not reported claims based on prior experience was \$139,309. Changes in estimated benefit obligation during the past two years are as follows:

Estimated benefit obligation, October 1, 2012	\$ 81,359
Claims incurred	2,238,713
Claims paid	(2,145,312)
Estimated benefit obligation, October 1, 2013	174,760
Claims incurred	2,234,620
Claims paid	(2,270,071)
Estimated Benefit Obligation, September 30, 2014	\$ 139,309

NOTE K - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual interfund transfers are as follows:

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Transfers In	Transfers Out	September 30 2014
General Fund	Sewer Fund	\$ 360,400
General Fund	Environmental Services Fund	202,300
General Fund	Street Fund	344,700
Airport Fund	General Fund	217,000
Airport Fund	Sewer Fund	745,000
Parks and Recreation Fund	General Fund	220,000
Parks and Recreation Fund	Cemetery Fund	1,466
Total		\$ 2,090,866

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE L - RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,315,696 of restricted net position, of which \$591,729 is restricted by enabling legislation.

NOTE M - POST-EMPLOYMENT HEALTH CARE PLAN

Primary Government

1. Plan Description

The City's postemployment health care plan is a single-employer defined benefit medical plan. To be eligible for participation in the plan, retirees must meet certain retirements as set by the City and remains eligible until attainment of Medicare Eligibility Age. Eligible participants receive benefits in the form of an implicit rare subsidy where participants receive health insurance coverage by paying a blended retiree/active rate.

2. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. Current contribution requirements require participants to pay the full blended premium. The City funds the plan on a pay-as-you-go basis.

CITY OF ROLLA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE M - POST-EMPLOYMENT HEALTH CARE PLAN (Continued)

3. 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 (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost:

	For The Year Ended September 30 2013
ARC	\$ 379,700
Interest on net OPEB obligation	25,100
Adjustment to ARC	(24,800)
Annual OPEB Cost (Expense)	\$ 380,000

The change in net OPEB obligation was as follows:

Balance September 30			
2012		2013	
Net OPEB Obligation	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation
\$ 670,200	380,000	427,380	622,820

4. Funding Status and Funding Progress

As a pay-as-you-go plan, the plan was 0% funded at September 30, 2013.

September 30						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
2013	\$ -	\$ 3,696,200	\$ 3,696,200	- %	\$ 7,100,000	52.06 %

NOTE M - POST-EMPLOYMENT HEALTH CARE PLAN (Continued)

5. Actuarial Methods and Assumptions

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. In the 2013 actuarial valuation, the projected unit credit cost method was used, and the interest rate used for discounting liabilities was 3.75%. The actuarial valuation assumed a medical premium inflation rate based on long-term health care trends generated by the Getzen model. The medical premium inflation rate was 6.2% for 2013, with annual rate reductions to an ultimate rate of 4.5% in 2085. The UAAL is amortized over the maximum acceptable period of 30 years, and the valuation assumed that 50% of all future retirees will elect medical coverage.

NOTE N - RELATED PARTY TRANSACTIONS

Primary Government

RMU provides water and electric services to the City. It also provides billing and collection services to the City for PILOT and sewer and sanitation services. The City paid RMU a total of \$161,206 in fiscal year 2014 for billing services and \$767,442 for water and electric services.

NOTE O - RELATED ORGANIZATIONS

The Rolla Public Library is a political subdivision of the State of Missouri created under Chapter 182 of the Missouri Revised Statutes. The Library is governed by a Board of Directors appointed by the Mayor of the City. The Board of Directors possesses its own contracting and budgetary authority, hires and fires personnel, and does not depend on the City for operating subsidies. Although the City does serve as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the tax rate and purpose are discretionary decisions made solely by the Board of Directors. Financial information may be obtained from Rolla Public Library at 900 Pine Street, Rolla, MO 65401.

NOTE P - PLEDGED REVENUES

The City has pledged future water and sewer customer revenues were used to repay the Series 1996E, 2000A, and 2006B Water Pollution Control Revenue Bonds issued to improve and expand the sewer system. The bonds are pay-able solely from sewer customers net revenues and are payable through 2027. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$5,683,005. Principal and interest paid for the current year and total customer net revenues were \$698,382 and \$1,455,694, respectively.

NOTE Q - TAX INCREMENT FINANCING DISTRICTS

The City committed to the redevelopment of the I-44/US 63 Redevelopment Project Area 1 (RPA1) to reimburse Kohl's Department Stores, Inc. (the Developer) for the Verified Reimbursable Redevelopment Project Costs through Reimbursement Payments made from the Special Allocation Fund. There is no debt on the City's part, however, the aggregate amount of Reimbursement Payments paid during the terms of the agreement, to the extent that taxes are collected within this District, shall not exceed the sum of \$3,168,488 plus interest costs. The City shall not be obligated for any amounts that exceed the balance in the Special Allocation Fund, which includes a TIF-EATS and a TIF-PILOTS account.

The TIF-EATS account will contain 50% of all Economic Activity Taxes from RPA1. The TIF-PILOTS account will contain all Payments in Lieu of Taxes from RPA1. At September 30, 2014, the balances in the TIF-EATS and TIF-PILOTS accounts are \$126,157 and \$16, respectively.

NOTE R - COMMITMENTS

Primary Government

At September 30, 2014, the City was committed to the following:

Landfill Closing Obligation

In January 1995, the City, along with the five other Landfill Board members, entered into a "Contract of Obligation" with the Missouri Department of Natural Resources (DNR) to satisfy the financial assurance requirement for landfill operations. The Landfill Board members are obligated to close the landfill in a manner that meets DNR's standards and to properly maintain the closed landfill for 20 years thereafter. If the closure and post-closure is not done properly, the "Contract of Obligation" authorized DNR to collect \$152,703 from any funds due the members from the Missouri Department of Revenue and the State Treasurer to compensate the State for corrective procedures.

RMU

Pooled Energy

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). RMU represents the City with respect to MJMEUC matters. MJMEUC manages a power pool known as Missouri Public Energy Pool #1 (MoPEP). The City is a member of MoPEP. All MoPEP members (including the City) have an agreement (the MoPEP Agreement) with MJMEUC for the purchase of electric capacity and energy from MJMEUC. The MoPEP Agreement requires MJMEUC to supply the full energy requirement of the City and includes a procedures for the City to dedicate its capacity to MoPEP.

MoPEP operations are governed by a committee (Pool Committee) consisting of one representative from each MoPEP member and is currently comprised of 35 members. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all of MJMEUC's costs (the Direct Costs) incurred in connection with acquiring, providing, arranging, or financing the provision

NOTE R - COMMITMENTS (Continued)

of full requirements service to MoPEP members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease, or loan agreement of other financial contract in order to procure, deliver, or finance resources intended to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP member. The Direct Costs also include amounts required to fund MoPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

The rates are established so as to charge each MoPEP member (including the City) its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement. Charges based on such rates are assessed and billed monthly. Rates are required to be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months.

To meet the power and energy requirements of the City and the other MoPEP members, MJMEUC presently obtains power and energy from the following sources: 1) power purchased under long-term firm energy contracts, unit-contingent energy contracts, and interruptible contracts; 2) MJMEUC owned generation; 3) member capacity; and 4) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MoPEP Agreement, but does not have any ownership interest in MJMEUC's resources.

In the event a MoPEP member would cancel the MoPEP Agreement, the member would remain responsible for its allocated share of MJMEUC's Direct Costs associated with all resource obligations entered into by a MJMEUC for MoPEP prior to the notice of cancellation. MJMEUC would utilize or sell the member's allocated share of output in exchange for providing the member a credit or offset equal to the fair market value of the output up to the amount of the member's obligation. As a result, the member would have a financial obligation after cancellation in the event that the fair market value of the output is less than the member's allocated share of MJMEUC's Direct Costs with respect to the recourse obligation at the time of cancellation. Since the amount of the cancelling member's obligation would depend on MJMEUC's Direct Costs after cancellation and the fair market value of the output at such times in the future, the amount of the obligation is not reasonably determinable. Currently RMU has no plans or intentions to begin cancellation proceedings.

The net power cost charges by MoPEP to RMU for the year ended September 30, 2014 was \$22,216,386.

NOTE S - FINES AND COURT COSTS FOR TRAFFIC VIOLATIONS

RSMo 302.341.2 requires an accounting of the percentage of annual fines and court costs for traffic violations, including amended charges from any charged traffic violation, occurring within the City to total general operating revenue, to be included in the annual financial report. During the year, the amount of traffic fines, forfeitures, and court costs; general operating revenue; and related percent amounted to \$149,363, \$9,628,200, and 1.55%, respectively, which is below the threshold of 30% identified in RSMo 302.341.2.

NOTE T - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, will require the City to record UAAL on the government-wide statement of net position. UAAL equals the difference between the total pension liability and the value of the assets set aside in a pension plan to pay benefits. GASB 68 may also require changes to the projection of benefit payments and the rate used to discount the projected benefit payments. GASB 68 will be effective for the City for the year ending September 30, 2015.

NOTE U - RESTATEMENT OF NET POSITION

The previously stated net position has been adjusted as follows:

	Sewer Fund	Environmental Services Fund	Business-type Activities
Net position, September 30, 2013, as previously reported	\$ 17,884,820	4,513,049	22,397,869
Restatement for:			
Unbilled receivables	217,772	160,167	377,939
Capital assets	(267,807)	-	(267,807)
Net Position, September 30, 2013, As Restated	\$ 17,834,785	4,673,216	22,508,001

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes:				
Property	\$ 957,400	957,400	938,634	(18,766)
Sales	3,828,000	3,927,750	3,927,731	(19)
Franchise	728,000	728,000	712,182	(15,818)
Motor vehicle	128,000	151,900	151,877	(23)
PILOT	1,580,600	1,580,600	1,550,787	(29,813)
Lodging	295,000	318,500	318,510	10
Cigarette	118,000	118,000	111,590	(6,410)
Total Taxes	<u>7,635,000</u>	<u>7,782,150</u>	<u>7,711,311</u>	<u>(70,839)</u>
Licenses and permits:				
Occupational licenses	49,000	49,000	48,285	(715)
Building permits	75,000	75,000	81,388	6,388
Other	41,100	41,100	45,429	4,329
Total Licenses And Permits	<u>165,100</u>	<u>165,100</u>	<u>175,102</u>	<u>10,002</u>
Intergovernmental:				
Landfill	10,400	10,400	1,402	(8,998)
RREC	115,000	115,000	121,386	6,386
PCESB	1,055,000	1,055,000	1,011,145	(43,855)
Library	212,000	212,000	205,467	(6,533)
Grants	150,000	150,000	79,224	(70,776)
Other	232,000	454,600	277,189	(177,411)
Total Intergovernmental	<u>1,774,400</u>	<u>1,997,000</u>	<u>1,695,813</u>	<u>(301,187)</u>
Charges for services	<u>53,000</u>	<u>53,000</u>	<u>52,753</u>	<u>(247)</u>
Fine and forfeitures:				
City court fines	215,000	215,000	166,508	(48,492)
Police training fees	6,500	28,000	22,186	(5,814)
Total Fines And Forfeitures	<u>221,500</u>	<u>243,000</u>	<u>188,694</u>	<u>(54,306)</u>
Investment income	<u>20,000</u>	<u>20,000</u>	<u>12,460</u>	<u>(7,540)</u>
Miscellaneous:				
Lease and rent income	9,300	9,300	7,980	(1,320)
Animal shelter	20,500	20,500	14,490	(6,010)
Other	17,000	17,000	25,637	8,637
Total Miscellaneous	<u>46,800</u>	<u>46,800</u>	<u>48,107</u>	<u>1,307</u>
Total Revenues	<u>9,915,800</u>	<u>10,307,050</u>	<u>9,884,240</u>	<u>(422,810)</u>

(Continued)

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES				
Administrative	582,315	582,315	574,691	(7,624)
Administrator	303,300	303,300	313,297	9,997
Finance	521,850	521,850	530,166	8,316
Legal services	69,900	69,900	57,402	(12,498)
City court	82,415	82,415	84,619	2,204
911 telecommunications	1,048,900	1,112,200	1,005,809	(106,391)
Animal shelter	184,585	184,585	159,033	(25,552)
Police	3,212,350	3,337,863	3,380,903	43,040
Fire	2,661,920	2,714,920	2,581,983	(132,937)
Building maintenance	89,925	89,925	97,829	7,904
Engineering	696,486	729,186	678,011	(51,175)
Community development	393,550	393,550	384,936	(8,614)
Library	209,465	209,465	201,406	(8,059)
Economic development	220,375	220,375	231,201	10,826
Total Expenditures	10,277,336	10,551,849	10,281,286	(270,563)
REVENUES UNDER EXPENDITURES	(361,536)	(244,799)	(397,046)	(152,247)
OTHER FINANCING SOURCES (USES)				
Transfers in	907,400	907,400	907,400	-
Transfers out	(437,000)	(437,000)	(437,000)	-
Total Other Financing Sources (Uses)	470,400	470,400	470,400	-
NET CHANGE IN FUND BALANCE	\$ 108,864	225,601	73,354	(152,247)
FUND BALANCE, OCTOBER 1			2,526,967	
FUND BALANCE, SEPTEMBER 30			\$ 2,600,321	

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 4,408,000	4,516,500	4,515,112	(1,388)
Intergovernmental	-	161,700	161,683	(17)
Charges for services	178,250	245,650	251,248	5,598
Investment income	1,500	1,500	927	(573)
Miscellaneous	7,100	7,100	18,369	11,269
Total Revenues	4,594,850	4,932,450	4,947,339	14,889
EXPENDITURES				
Street	4,459,534	4,579,234	4,459,222	(120,012)
REVENUES OVER EXPENDITURES	135,316	353,216	488,117	134,901
OTHER FINANCING SOURCES (USES)				
Lease proceeds	280,000	280,000	250,000	(30,000)
Transfers out	(344,700)	(344,700)	(344,700)	-
Total Other Financing Sources (Uses)	(64,700)	(64,700)	(94,700)	(30,000)
NET CHANGE IN FUND BALANCE	\$ 70,616	288,516	393,417	104,901
FUND BALANCE, OCTOBER 1			405,775	
FUND BALANCE, SEPTEMBER 30			\$ 799,192	

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - PARKS AND RECREATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 1,016,020	1,016,020	771,473	(244,547)
Charges for services	1,312,100	1,312,100	1,281,305	(30,795)
Investment income	35,000	35,000	23,108	(11,892)
Miscellaneous	17,500	17,500	25,559	8,059
Total Revenues	2,380,620	2,380,620	2,101,445	(279,175)
EXPENDITURES				
Guest services	217,600	217,600	214,779	(2,821)
Recreation	125,550	150,350	156,986	6,636
Aquatic	212,825	212,825	208,068	(4,757)
Fitness	144,850	180,450	141,714	(38,736)
Administration	483,550	483,550	497,089	13,539
Maintenance	305,800	333,200	327,453	(5,747)
Parks department	570,850	590,850	590,390	(460)
Splash Zone	122,850	134,850	140,762	5,912
Outdoor recreation	115,575	115,575	124,035	8,460
Total Expenditures	2,299,450	2,419,250	2,401,276	(17,974)
REVENUES OVER (UNDER) EXPENDITURES				
	81,170	(38,630)	(299,831)	(261,201)
OTHER FINANCING SOURCES				
Transfers in	226,500	226,500	221,466	(5,034)
NET CHANGE IN FUND BALANCE				
	\$ 307,670	187,870	(78,365)	(266,235)
FUND BALANCE, OCTOBER 1			3,713,367	
FUND BALANCE, SEPTEMBER 30			\$ 3,635,002	

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - AIRPORT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Intergovernmental	\$ 913,200	451,630	(461,570)
Charges for services	310,420	322,168	11,748
Investment income	1,000	7	(993)
Miscellaneous	2,000	759	(1,241)
Total Revenues	1,226,620	774,564	(452,056)
EXPENDITURES			
Airport	2,007,490	1,428,166	(579,324)
REVENUES UNDER EXPENDITURES	(780,870)	(653,602)	127,268
OTHER FINANCING SOURCES			
Transfers in	367,000	962,000	595,000
NET CHANGE IN FUND BALANCE	\$ (413,870)	308,398	722,268
FUND BALANCE, OCTOBER 1		353,866	
FUND BALANCE, SEPTEMBER 30		\$ 662,264	

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CEMETERY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Charges for services	\$ 9,600	14,900	5,300
Investment income	1,500	1,466	(34)
Total Revenues	11,100	16,366	5,266
EXPENDITURES			
	-	-	-
REVENUES OVER EXPENDITURES	11,100	16,366	5,266
OTHER FINANCING USES			
Transfers out	(1,500)	(1,466)	(34)
NET CHANGE IN FUND BALANCE	\$ 9,600	14,900	5,300
FUND BALANCE, OCTOBER 1		288,170	
FUND BALANCE, SEPTEMBER 30		\$ 303,070	

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - PARK LAND RESERVE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ 200	73	(127)
Miscellaneous	-	4,904	4,904
Total Revenues	200	4,977	4,777
EXPENDITURES			
	-	-	-
NET CHANGE IN FUND BALANCE	\$ 200	4,977	4,777
FUND BALANCE, OCTOBER 1		65,335	
FUND BALANCE, SEPTEMBER 30		\$ 70,312	

CITY OF ROLLA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Budgetary Data

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

- a. Prior to October, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
- b. One public hearing is conducted by the City Council in late August or early September to obtain taxpayers' comments on the proposed budget and tax levy.
- c. Prior to October 1, ordinances are passed by Council, which provide for legally adopted budgets for all funds of the City.
- d. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program, and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
- e. Formal budgetary integration is employed as a management control device for all funds of the City.
- f. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.