



**MISSOURI**

**FINANCIAL REPORT**  
(Audited)

Year Ended September 30, 2015

**CITY OF ROLLA, MISSOURI**  
**FINANCIAL REPORT**

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	<b>Page</b>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses, and Change in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Notes to Financial Statements	23
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	64
Street Fund	66
Recreation Center Fund	67
Parks Fund	68
Airport Fund	69
Cemetery Fund	70
Park Land Reserve Fund	71
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	72
Schedule of Changes in Net Pension Liability and Related Ratios	73
Schedule of Pension Contributions	74
Rolla Municipal Utilities:	
Schedule of Changes in Net Pension Liability and Related Ratios	75
Schedule of Pension Contributions	76



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

## INDEPENDENT AUDITOR'S REPORT

July 29, 2016

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, 2015, 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**

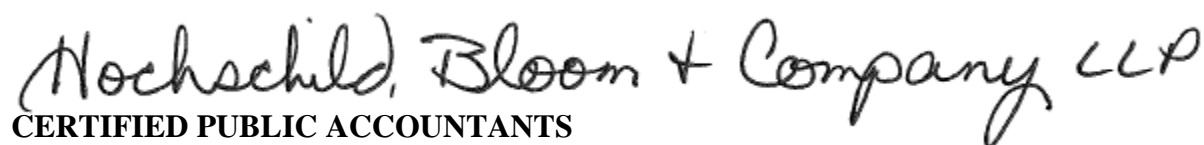
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City as of September 30, 2015, and the 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 July 29, 2016 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, 2015**

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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, 2015. 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 decreased by \$920,287 for the year as a result of current year activities. The net position of the City's business-type activities increased \$1,042,530 for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2015, by \$104.1 million (net position). Of this amount, \$14.8 million was unrestricted from overall operations (up from \$103.9 million in fiscal year 2014) and may be used to meet future obligations of the City.
- Total value of new building construction for fiscal year 2015 was \$21,750,171 compared to \$22,433,389 in fiscal year 2014. Overall 150 new housing units were added in 2015. Multi-family construction permits continue to be strong 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 2015 the City received \$8,293,258 in sales tax revenues - a 4.35% increase over fiscal year 2014. 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 2015 completes the 13<sup>th</sup> 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 2015 recreation center revenues increased by 1.2% with total memberships declining by 2.5%; program revenues increased 10% and rental income decreased 63.3%. Recreation center expenses decreased 5.1% over fiscal year 2014.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$10,262,598.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,489,667.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**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, 2015**

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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 Fund, 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.

**CITY OF ROLLA, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Governmental and business-type activities.** Governmental and business-type activities increased the City's net position by \$122,243. Key elements of this are as follows:

	September 30					
	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	2014
<b>ASSETS</b>						
Current and other assets	\$ 16,781,027	14,838,899	6,417,424	6,177,503	23,198,451	21,016,402
Capital assets	76,513,993	77,193,487	28,119,437	28,383,531	104,633,430	105,577,018
Total Assets	<u>93,295,020</u>	<u>92,032,386</u>	<u>34,536,861</u>	<u>34,561,034</u>	<u>127,831,881</u>	<u>126,593,420</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,458,417</u>	<u>229,993</u>	<u>335,195</u>	<u>43,248</u>	<u>1,793,612</u>	<u>273,241</u>
<b>LIABILITIES</b>						
Other liabilities	2,257,514	2,032,871	614,681	518,232	2,872,195	2,551,103
Long-term liabilities	12,162,217	9,269,823	10,108,108	11,065,225	22,270,325	20,335,048
Total Liabilities	<u>14,419,731</u>	<u>11,302,694</u>	<u>10,722,789</u>	<u>11,583,457</u>	<u>25,142,520</u>	<u>22,886,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>294,308</u>	<u>-</u>	<u>85,912</u>	<u>-</u>	<u>380,220</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	68,004,345	69,578,787	20,060,473	19,598,465	88,064,818	89,177,252
Restricted	548,514	591,729	707,485	723,967	1,255,999	1,315,696
Unrestricted	<u>11,486,539</u>	<u>10,789,169</u>	<u>3,295,397</u>	<u>2,698,393</u>	<u>14,781,936</u>	<u>13,487,562</u>
Total Net Position	<u>\$ 80,039,398</u>	<u>80,959,685</u>	<u>24,063,355</u>	<u>23,020,825</u>	<u>104,102,753</u>	<u>103,980,510</u>



**CITY OF ROLLA, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 3,454,032	3,642,960	6,083,051	6,185,912	9,537,083	9,828,872
Operating grants and contributions	314,196	295,252	30,448	-	344,644	295,252
Capital grants and contributions	496,970	687,580	30,210	63,976	527,180	751,556
General revenues:						
Property taxes	1,181,689	1,140,758	-	-	1,181,689	1,140,758
Sales taxes	8,206,004	8,394,779	-	-	8,206,004	8,394,779
Motor vehicle taxes	766,443	739,291	-	-	766,443	739,291
Payment in lieu of taxes	1,538,107	1,550,787	-	-	1,538,107	1,550,787
Other taxes	442,139	433,000	-	-	442,139	433,000
Franchise fees	831,681	712,182	-	-	831,681	712,182
Investment income	42,409	38,041	166,847	190,855	209,256	228,896
Other	58,948	64,633	67,216	32,836	126,164	97,469
Total Revenue	<u>17,332,618</u>	<u>17,699,263</u>	<u>6,377,772</u>	<u>6,473,579</u>	<u>23,710,390</u>	<u>24,172,842</u>
<b>EXPENSES</b>						
General government and other	4,471,476	4,330,962	-	-	4,471,476	4,330,962
Public safety	5,940,758	6,077,449	-	-	5,940,758	6,077,449
Public works and maintenance	4,155,375	4,545,893	-	-	4,155,375	4,545,893
Parks and recreation	2,822,620	2,809,773	-	-	2,822,620	2,809,773
Airport	515,076	1,037,351	-	-	515,076	1,037,351
Sewer	-	-	2,614,342	2,453,929	2,614,342	2,453,929
Environmental services	-	-	3,068,500	3,170,327	3,068,500	3,170,327
Total Expenses	<u>17,905,305</u>	<u>18,801,428</u>	<u>5,682,842</u>	<u>5,624,256</u>	<u>23,588,147</u>	<u>24,425,684</u>
<b>EXCESS BEFORE TRANSFERS</b>	(572,687)	(1,102,165)	694,930	849,323	122,243	(252,842)
<b>TRANSFERS</b>	<u>(347,600)</u>	<u>1,307,700</u>	<u>347,600</u>	<u>(1,307,700)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(920,287)	205,535	1,042,530	(458,377)	122,243	(252,842)
NET POSITION, OCTOBER 1	80,959,685	76,026,179	23,020,825	22,508,001	103,980,510	98,534,180
RESTATEMENT - PENSION	<u>-</u>	<u>4,727,971</u>	<u>-</u>	<u>971,201</u>	<u>-</u>	<u>5,699,172</u>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$80,039,398</u>	<u>80,959,685</u>	<u>24,063,355</u>	<u>23,020,825</u>	<u>104,102,753</u>	<u>103,980,510</u>

**Change in net position.** The decrease in net position of \$920,287 in the governmental activities was mainly due to the decrease in transfers from the business-type activities. The increase in net position of \$1,042,530 in the business-type activities was due to revenues exceeding expenses.

**CITY OF ROLLA, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**GOVERNMENTAL ACTIVITIES**

Governmental activities decreased the net position of the City by \$920,287. Total tax revenues for the City were \$12.1 million, which represents 70% of the financing of these activities. Program revenues for the functions totaled \$4.3 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.

	<b>Net Cost Of Governmental Activities</b>			
	<b>Total Cost Of Service</b>		<b>Net Cost Of Service</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General government and other	\$ 4,471,476	4,330,962	2,900,447	2,740,401
Public safety	5,940,758	6,077,449	5,358,998	5,487,898
Public works and maintenance	4,155,375	4,545,893	3,918,361	4,132,962
Parks and recreation	2,822,620	2,809,773	1,547,654	1,545,865
Airport	515,076	1,037,351	(85,353)	268,510
Total	\$ 17,905,305	18,801,428	13,640,107	14,175,636

**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the City's net position by \$1,042,530. Last year the business-type activities decreased \$458,377.

**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, 2015 the General Fund's fund balance was \$2,966,720.

The City's General Fund's fund balance increased by \$366,399 or 14.1% 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 \$2,824,725 from the fund balance at the end of the prior year. This increase is due to the issuance of the 2015 Certification of Participation bonds.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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- The Recreation Center Fund decreased by \$376,393 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 Parks Fund increased by \$52,144 from the fund balance at the end of the prior year. This increase is due transfers from other funds and a new bond issuance.
- The Airport Fund decreased by \$688,551 from the fund balance at the end of the prior year. This decrease is due to expenditures exceeding revenue from regular activity.
- The Cemetery Fund increased by \$12,750 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 \$1,363 over the prior year fund balance. This increase is due to an increase in revenues.

**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 \$1,957,315. The total increase in net position was \$909,700 or 5.1% from the prior year fund balance. Unrestricted net position at the end of the year for the Environmental Services Fund totaled \$1,338,082. The total increase in net position was \$132,830 or 2.6% from the prior year fund balance.

## **CAPITAL ASSETS**

The City has invested \$104,633,430 at September 30, 2015 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 decrease for the current fiscal year (including additions and deductions) of \$943,588. The City's capital assets, net of accumulated depreciation, consisted of:

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$12,693,465	12,677,465	1,262,311	1,262,101	13,955,776	13,939,566
Construction in progress	-	1,881,737	3,081,735	3,080,169	3,081,735	4,961,906
Buildings and improvements	11,927,361	12,678,237	2,919,195	3,143,316	14,846,556	15,821,553
Machinery and equipment	3,200,006	3,547,800	1,770,983	1,370,968	4,970,989	4,918,768
Infrastructure	48,693,161	46,408,248	-	-	48,693,161	46,408,248
Sewer collection system	-	-	19,085,213	19,526,977	19,085,213	19,526,977
Total Capital Assets, Net Of Accumu- lated Depreciation	<u>\$76,513,993</u>	<u>77,193,487</u>	<u>28,119,437</u>	<u>28,383,531</u>	<u>104,633,430</u>	<u>105,577,018</u>

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

**LONG-TERM DEBT**

The City had government-wide debt outstanding for September 30, 2015 of \$18,649,186 compared to \$16,836,632 for September 30, 2014. The increase of debt outstanding of \$1,812,554 was due to issuance of new debt.

The following is a summary of long-term debt:

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital leases payable	\$ 3,079,186	3,371,632	-	-	3,079,186	3,371,632
Certificates of participation	4,645,386	1,281,804	4,584,614	4,823,196	9,230,000	6,105,000
General obligation bonds	2,360,000	2,900,000	-	-	2,360,000	2,900,000
Revenue bonds payable	-	-	3,980,000	4,460,000	3,980,000	4,460,000
Total	<u>\$ 10,084,572</u>	<u>7,553,436</u>	<u>8,564,614</u>	<u>9,283,196</u>	<u>18,649,186</u>	<u>16,836,632</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 \$10,170,559 were \$712,741 under the budgeted revenues of \$10,883,300. This was mainly due to intergovernmental revenue coming in under budget. The City's General Fund expenditures of \$10,239,360 were \$995,727 under the budgeted amount of \$11,235,087 mainly due to 911 telecommunications expenditures being less than anticipated.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- City spending patterns will continue to require a conservative approach to help rebuild reserves. It appears as if the local and regional economies are improving with continued albeit slow positive revenue growth since 2012.
- 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 working with Phelps County has selected UTW as the preferred developer for a large retail opportunity in that corridor called the Westside MarketPlace. The County's TIF Commission unanimously recommended use of TIF for the project. Final negotiations are anticipated through fall 2016. The City continues to monitor its first TIF redevelopment project with Kohl's which opened March 2012. The City and Associated Wholesale Grocers successfully negotiated a CID for the redevelopment of the Forum Plaza in 2015 resulting in a new, large grocery store (Price Chopper) and a redevelopment of the entire Plaza. In addition the City has completed 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. Lastly Hartmann US chose their new manufacturing facility at the old Briggs & Stratton building in 2016 and Fed Ex Ground is constructing a new distribution facility at HyPoint.
- Sales tax receipts increased 4.35% in fiscal year 2015. Staff will continue to monitor the situation closely and has conservatively budgeted sales tax growth of 2% in fiscal year 2016. The City has a solid economic base but one that has stagnated in the last several years despite the growth with healthcare and education. Sustained growth in healthcare and education along with new or expanding projects such as Kohl's, Price Chopper, Hartmann US, Fed Ex Ground, CVS, Brewer Science, and MoSci provide real opportunities for continued growth.
- The City's self-funded health insurance program ended calendar year 2015 with an employee contribution rate of 32.13%. 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, co-payments, 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 18<sup>th</sup> 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 formal fund-raising strategy to raise charitable funds in 2016 - 2017 for the new facility.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**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. 9<sup>th</sup> Street  
Rolla, MO 65401  
Telephone: 573-364-1572

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Rolla Municipal Utilities</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,918,255	1,925,008	10,843,263	24,812,643
Taxes receivable, net	1,908,351	-	1,908,351	-
Utilities receivable, net	-	879,637	879,637	2,519,228
Other accounts receivable	118,026	-	118,026	-
Court fines receivable, net	58,692	-	58,692	-
Intergovernmental receivable	567,139	-	567,139	-
Special assessments receivable	430,630	-	430,630	-
Accrued interest receivable	-	16,906	16,906	-
Inventory	38,679	-	38,679	661,708
Prepaid items	424,262	81,825	506,087	176,111
Restricted cash and cash equivalents	583,967	1,182,710	1,766,677	-
Restricted investments	-	1,484,344	1,484,344	-
Net pension asset	3,733,026	846,994	4,580,020	1,710,044
Capital assets:				
Nondepreciable	12,693,465	4,344,046	17,037,511	2,743,851
Depreciable, net	63,820,528	23,775,391	87,595,919	35,251,114
Total Assets	<u>93,295,020</u>	<u>34,536,861</u>	<u>127,831,881</u>	<u>67,874,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	39,015	-	39,015	-
Pension related	1,419,402	335,195	1,754,597	858,179
Total Deferred Outflows Of Resources	<u>1,458,417</u>	<u>335,195</u>	<u>1,793,612</u>	<u>858,179</u>
<b>LIABILITIES</b>				
Accounts payable	1,647,159	356,998	2,004,157	1,823,131
Accrued expenses	377,585	91,248	468,833	29,000
Police evidence payable	25,247	-	25,247	-
Deposits payable	-	-	-	1,546,780
Court bonds payable	6,051	-	6,051	-
Unearned revenue	112,304	-	112,304	-
Refundable permits	35,246	-	35,246	-
Accrued interest payable	53,922	84,128	138,050	19,643
Arbitrage payable	-	82,307	82,307	-
Noncurrent liabilities:				
Due within one year	1,923,682	831,892	2,755,574	947,912
Due in more than one year	9,177,015	9,276,216	18,453,231	11,978,000
Due in more than one year - net OPEB obligation	1,061,520	-	1,061,520	-
Total Liabilities	<u>14,419,731</u>	<u>10,722,789</u>	<u>25,142,520</u>	<u>16,344,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related	294,308	85,912	380,220	96,457
<b>NET POSITION</b>				
Net investment in capital assets	68,004,345	20,060,473	88,064,818	25,198,965
Restricted	548,514	707,485	1,255,999	-
Unrestricted	11,486,539	3,295,397	14,781,936	27,092,990
Total Net Position	<u>\$ 80,039,398</u>	<u>24,063,355</u>	<u>104,102,753</u>	<u>52,291,955</u>

See notes to financial statements

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
Administrative	\$ 555,357	74,538	-	-	(480,819)	-	(480,819)	-
Administrator	304,102	-	-	-	(304,102)	-	(304,102)	-
Finance	523,748	18,000	-	-	(505,748)	-	(505,748)	-
Legal services	60,091	-	-	-	(60,091)	-	(60,091)	-
City court	78,723	-	-	-	(78,723)	-	(78,723)	-
911 telecommunications	1,042,588	1,044,614	-	-	2,026	-	2,026	-
Animal shelter	134,578	15,672	2,618	-	(116,288)	-	(116,288)	-
Police	3,206,791	213,220	236,994	14,394	(2,742,183)	-	(2,742,183)	-
Fire	2,733,967	53,598	63,554	-	(2,616,815)	-	(2,616,815)	-
Building maintenance	92,122	-	-	-	(92,122)	-	(92,122)	-
Engineering	657,197	-	-	-	(657,197)	-	(657,197)	-
Community development	343,318	116,946	-	-	(226,372)	-	(226,372)	-
Library	192,916	155,892	-	-	(37,024)	-	(37,024)	-
Economic development	239,893	97,089	-	-	(142,804)	-	(142,804)	-
Public works	4,063,253	91,214	-	145,800	(3,826,239)	-	(3,826,239)	-
Parks and recreation	2,822,620	1,263,896	11,030	-	(1,547,694)	-	(1,547,694)	-
Airport	515,076	263,653	-	336,776	85,353	-	85,353	-
Cemetery	630	45,700	-	-	45,070	-	45,070	-
Interest on long-term debt	338,335	-	-	-	(338,335)	-	(338,335)	-
Total Governmental Activities	<u>17,905,305</u>	<u>3,454,032</u>	<u>314,196</u>	<u>496,970</u>	<u>(13,640,107)</u>	<u>-</u>	<u>(13,640,107)</u>	<u>-</u>
<b>Business-type Activities</b>								
Sewer	2,614,342	2,822,923	-	30,210	-	238,791	238,791	-
Environmental services	3,068,500	3,260,128	30,448	-	-	222,076	222,076	-
Total Business-type Activities	<u>5,682,842</u>	<u>6,083,051</u>	<u>30,448</u>	<u>30,210</u>	<u>-</u>	<u>460,867</u>	<u>460,867</u>	<u>-</u>
Total Primary Government	<u>\$ 23,588,147</u>	<u>9,537,083</u>	<u>344,644</u>	<u>527,180</u>	<u>(13,640,107)</u>	<u>460,867</u>	<u>(13,179,240)</u>	<u>-</u>
<b>Component Unit</b>								
Rolla Municipal Utilities	<u>\$ 30,547,407</u>	<u>31,107,421</u>	<u>-</u>	<u>62,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,017</u>
<b>General Revenues</b>								
Taxes:								
Property					1,181,689	-	1,181,689	-
Sales					8,206,004	-	8,206,004	-
Motor vehicle taxes					766,443	-	766,443	-
Payment in lieu of taxes					1,538,107	-	1,538,107	-
Other					442,139	-	442,139	-
Franchise fees					831,681	-	831,681	-
Investment income					42,409	166,847	209,256	106,267
Other					58,948	67,216	126,164	231,661
Transfers					(347,600)	347,600	-	-
Total General Revenues And Transfers					<u>12,719,820</u>	<u>581,663</u>	<u>13,301,483</u>	<u>337,928</u>
<b>CHANGE IN NET POSITION</b>					(920,287)	1,042,530	122,243	959,945
NET POSITION, OCTOBER 1					<u>80,959,685</u>	<u>23,020,825</u>	<u>103,980,510</u>	<u>51,332,010</u>
NET POSITION, SEPTEMBER 30					<u>\$ 80,039,398</u>	<u>24,063,355</u>	<u>104,102,753</u>	<u>52,291,955</u>



**CITY OF ROLLA, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	<u>General</u>	<u>Street</u>	<u>Recreation Center</u>	<u>Parks</u>	<u>Airport</u>	<u>Cemetery</u>	<u>Park Land Reserve</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 954,139	3,430,284	3,302,746	69,037	18,488	315,820	71,675	8,162,189
Taxes receivable, net	1,120,358	776,877	364	10,752	-	-	-	1,908,351
Other accounts receivable	80,080	8,146	-	-	17,554	-	-	105,780
Court fines receivable, net	58,692	-	-	-	-	-	-	58,692
Due from other funds	550,746	-	-	-	-	-	-	550,746
Intergovernmental receivable	9,945	59,436	-	-	497,758	-	-	567,139
Inventory	-	-	-	-	38,679	-	-	38,679
Prepaid items	307,955	44,092	41,246	24,375	6,594	-	-	424,262
Special assessments receivable	430,630	-	-	-	-	-	-	430,630
Restricted cash and cash equivalents	583,967	-	-	-	-	-	-	583,967
Total Assets	<u>\$ 4,096,512</u>	<u>4,318,835</u>	<u>3,344,356</u>	<u>104,164</u>	<u>579,073</u>	<u>315,820</u>	<u>71,675</u>	<u>12,830,435</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 628,793	652,356	50,295	29,159	48,486	-	-	1,409,089
Accrued liabilities	278,501	34,643	35,452	22,861	6,128	-	-	377,585
Due to other funds	-	-	-	-	550,746	-	-	550,746
Police evidence payable	25,247	-	-	-	-	-	-	25,247
Court bonds payable	6,051	-	-	-	-	-	-	6,051
Unearned revenue	86,983	-	-	-	-	-	-	86,983
Refundable permits	35,246	-	-	-	-	-	-	35,246
Total Liabilities	<u>1,060,821</u>	<u>686,999</u>	<u>85,747</u>	<u>52,020</u>	<u>605,360</u>	<u>-</u>	<u>-</u>	<u>2,490,947</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue								
Special assessments	57,527	-	-	-	-	-	-	57,527
Court fines	11,444	-	-	-	-	-	-	11,444
Taxes	-	7,919	-	-	-	-	-	7,919
Total Deferred Inflows Of Resources	<u>68,971</u>	<u>7,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,890</u>
<b>FUND BALANCES</b>								
Nonspendable:								
Inventory	-	-	-	-	38,679	-	-	38,679
Prepaid items	307,955	44,092	41,246	24,375	6,594	-	-	424,262
Restricted for:								
Police	76,541	-	-	-	-	-	-	76,541
Animal shelter	442,291	-	-	-	-	-	-	442,291
TIF-EATS	29,682	-	-	-	-	-	-	29,682
Street	-	1,700,000	-	-	-	-	-	1,700,000
Committed for:								
Depreciation and replacement	-	-	2,130,073	-	-	-	-	2,130,073
Cemetery	-	-	-	-	-	200,000	-	200,000
Assigned for:								
Risk management	620,584	15,535	14,300	8,602	-	-	-	659,021
Street	-	1,864,290	-	-	-	-	-	1,864,290
Parks and recreation	-	-	1,072,990	19,167	-	-	-	1,092,157
Cemetery	-	-	-	-	-	115,820	-	115,820
Park land reserve	-	-	-	-	-	-	71,675	71,675
Unassigned	1,489,667	-	-	-	(71,560)	-	-	1,418,107
Total Fund Balances	<u>2,966,720</u>	<u>3,623,917</u>	<u>3,258,609</u>	<u>52,144</u>	<u>(26,287)</u>	<u>315,820</u>	<u>71,675</u>	<u>10,262,598</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 4,096,512</u>	<u>4,318,835</u>	<u>3,344,356</u>	<u>104,164</u>	<u>579,073</u>	<u>315,820</u>	<u>71,675</u>	<u>12,830,435</u>

**CITY OF ROLLA, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERN-**  
**MENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

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Total Fund Balances - Governmental Funds \$ 10,262,598

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 \$130,544,724 and the accumulated depreciation is \$54,030,731. 76,513,993

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 76,890

Certain obligations are not financial uses and, therefore, are not reported in the governmental funds. These items consist of:

Net pension asset	3,733,026
Deferred outflows - pension related	1,419,402
Deferred inflows - pension related	(294,308)
OPEB obligation	(1,061,520)

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	(7,005,386)
Capital leases	(3,079,186)
Accrued compensated absences	(930,064)
Accrued interest payable	(53,922)
Unamortized bond discount	2,131
Unamortized bond premium	(88,192)
Unamortized bond deferred charges	39,015

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. 504,921

Total Net Position Of Governmental Activities \$ 80,039,398

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General</u>	<u>Street</u>	<u>Recreation Center</u>	<u>Parks</u>	<u>Airport</u>	<u>Cemetery</u>	<u>Park Land Reserve</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ 8,022,672	4,705,219	3,906	238,514	-	-	-	12,970,311
Licenses and permits	191,484	-	-	-	-	-	-	191,484
Intergovernmental	1,634,138	114,800	-	-	336,787	-	-	2,085,725
Charges for services	53,598	91,214	1,084,328	205,505	263,653	12,750	-	1,711,048
Fines and forfeitures	211,173	-	-	-	-	-	-	211,173
Investment income	12,801	6,854	20,868	264	7	1,527	88	42,409
Miscellaneous	44,693	5,481	17,935	4,294	102	-	1,275	73,780
Total Revenues	<u>10,170,559</u>	<u>4,923,568</u>	<u>1,127,037</u>	<u>448,577</u>	<u>600,549</u>	<u>14,277</u>	<u>1,363</u>	<u>17,285,930</u>
<b>EXPENDITURES</b>								
Current:								
Administrative	402,628	-	-	-	-	-	-	402,628
Administrator	320,305	-	-	-	-	-	-	320,305
Finance	516,853	-	-	-	-	-	-	516,853
Legal services	60,091	-	-	-	-	-	-	60,091
City court	80,244	-	-	-	-	-	-	80,244
911 telecommunications	1,026,298	-	-	-	-	-	-	1,026,298
Animal shelter	129,763	-	-	-	-	-	-	129,763
Police	3,005,898	-	-	-	-	-	-	3,005,898
Fire	2,328,365	-	-	-	-	-	-	2,328,365
Building maintenance	83,610	-	-	-	-	-	-	83,610
Engineering	686,536	-	-	-	-	-	-	686,536
Community development	366,061	-	-	-	-	-	-	366,061
Library	199,911	-	-	-	-	-	-	199,911
Economic development	242,608	-	-	-	-	-	-	242,608
Public works	-	2,125,372	-	-	-	-	-	2,125,372
Parks and recreation	-	-	1,366,287	904,376	-	-	-	2,270,663
Airport	-	-	-	-	418,175	-	-	418,175
Capital outlay	244,844	1,958,339	51,428	78,584	389,511	-	-	2,722,706
Debt service:								
Principal	400,115	655,368	17,083	-	35,298	-	-	1,107,864
Interest and other fiscal charges	135,230	60,383	6,832	-	14,116	-	-	216,561
Cost of issuance	10,000	82,197	-	-	-	-	-	92,197
Total Expenditures	<u>10,239,360</u>	<u>4,881,659</u>	<u>1,441,630</u>	<u>982,960</u>	<u>857,100</u>	<u>-</u>	<u>-</u>	<u>18,402,709</u>
<b>REVENUES OVER (UNDER)</b>								
<b>EXPENDITURES</b>	<u>(68,801)</u>	<u>41,909</u>	<u>(314,593)</u>	<u>(534,383)</u>	<u>(256,551)</u>	<u>14,277</u>	<u>1,363</u>	<u>(1,116,779)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Certificates of participation issued	10,000	3,100,000	-	335,000	-	-	-	3,445,000
Discount on certificates of participation issued	-	(2,131)	-	-	-	-	-	(2,131)
Capital lease	-	194,000	-	-	-	-	-	194,000
Sale of capital assets	-	19,947	-	-	-	-	-	19,947
Transfers in	918,200	-	-	251,527	243,000	-	-	1,412,727
Transfers out	(493,000)	(529,000)	(61,800)	-	(675,000)	(1,527)	-	(1,760,327)
Total Other Financing Sources (Uses)	<u>435,200</u>	<u>2,782,816</u>	<u>(61,800)</u>	<u>586,527</u>	<u>(432,000)</u>	<u>(1,527)</u>	<u>-</u>	<u>3,309,216</u>
<b>NET CHANGE IN FUND BALANCES</b>								
	366,399	2,824,725	(376,393)	52,144	(688,551)	12,750	1,363	2,192,437
FUND BALANCES, OCTOBER 1	<u>2,600,321</u>	<u>799,192</u>	<u>3,635,002</u>	<u>-</u>	<u>662,264</u>	<u>303,070</u>	<u>70,312</u>	<u>8,070,161</u>
<b>FUND BALANCES, SEPTEMBER 30</b>	<u>\$ 2,966,720</u>	<u>3,623,917</u>	<u>3,258,609</u>	<u>52,144</u>	<u>(26,287)</u>	<u>315,820</u>	<u>71,675</u>	<u>10,262,598</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, 2015**

Net Change In Fund Balances - Governmental Funds		\$ 2,192,437
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 (\$3,124,924) exceeded capital outlays over the capitalization threshold (\$2,414,430) in the current period.		(710,494)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to increase net position.		31,000
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:		
Net pension asset		(527,972)
Deferred outflows - pension related		1,238,385
Deferred inflows - pension related		(294,308)
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements.		(4,248)
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.		
Capital lease	(194,000)	
Certificates of participation issued	(3,445,000)	
Discount on certificates of participation issued	2,131	
Repayments:		
Capital leases	486,446	
Bonds and certificates of participation payable	621,418	
Amortization	12,087	
Net Adjustment	(2,516,918)	(2,516,918)
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	(26,678)	
Compensated absences	53,263	
Net OPEB obligation	(438,700)	(412,115)
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.		83,946
Change In Net Position Of Governmental Activities		\$ (920,287)

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2015**

	Enterprise Funds			Internal Service Fund
	Sewer	Environmental Services	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,373,319	551,689	1,925,008	756,066
Utilities receivable, net	538,867	340,770	879,637	-
Other accounts receivable	-	-	-	12,246
Accrued interest receivable	16,906	-	16,906	-
Prepaid items	29,562	52,263	81,825	-
Total Current Assets	1,958,654	944,722	2,903,376	768,312
<b>Noncurrent Assets</b>				
Cash and cash equivalents - restricted	1,182,710	-	1,182,710	-
Investments - restricted	1,484,344	-	1,484,344	-
Net pension asset	317,584	529,410	846,994	-
Capital assets:				
Land	591,648	670,663	1,262,311	-
Construction in progress	3,081,735	-	3,081,735	-
Buildings	1,863,017	2,905,990	4,769,007	-
Sewer treatment plant	14,921,589	-	14,921,589	-
Sewer mains and lines	13,187,450	-	13,187,450	-
Manhole covers	1,459,701	-	1,459,701	-
Major moveable equipment	1,931,362	3,551,814	5,483,176	-
Less - Accumulated depreciation	(12,915,387)	(3,130,145)	(16,045,532)	-
Total Capital Assets	24,121,115	3,998,322	28,119,437	-
Total Noncurrent Assets	27,105,753	4,527,732	31,633,485	-
Total Assets	29,064,407	5,472,454	34,536,861	768,312
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension related	125,683	209,512	335,195	-
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	231,705	125,293	356,998	238,070
Accrued liabilities	34,167	57,081	91,248	-
Unearned revenue	-	-	-	25,321
Accrued interest payable	84,128	-	84,128	-
Arbitrage payable	82,307	-	82,307	-
Current maturities of long-term debt	777,148	54,744	831,892	-
Total Current Liabilities	1,209,455	237,118	1,446,573	263,391
<b>Noncurrent Liabilities</b>				
Certificates of participation payable	4,338,662	-	4,338,662	-
Revenue bonds payable, net	3,532,112	-	3,532,112	-
Payable to other governments	1,319,500	-	1,319,500	-
Compensated absences payable	31,197	54,745	85,942	-
Total Noncurrent Liabilities	9,221,471	54,745	9,276,216	-
Total Liabilities	10,430,926	291,863	10,722,789	263,391
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension related	32,213	53,699	85,912	-
<b>NET POSITION</b>				
Net investment in capital assets	16,062,151	3,998,322	20,060,473	-
Restricted	707,485	-	707,485	-
Unrestricted	1,957,315	1,338,082	3,295,397	504,921
Total Net Position	\$ 18,726,951	5,336,404	24,063,355	504,921

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN**  
**NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Enterprise Funds</b>			<b>Internal Service Fund</b>
	<b>Sewer</b>	<b>Environmental Services</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,822,923	3,260,128	6,083,051	-
Charges to other departments	-	-	-	2,133,359
Contributions - employees	-	-	-	686,874
Total Operating Revenues	<u>2,822,923</u>	<u>3,260,128</u>	<u>6,083,051</u>	<u>2,820,233</u>
<b>OPERATING EXPENSES</b>				
Personnel services	675,436	1,300,057	1,975,493	-
Contractual services	54,773	18,360	73,133	-
Repairs and maintenance	322,217	157,992	480,209	-
Supplies	82,911	398,176	481,087	-
Utilities	283,400	25,115	308,515	-
Insurance claims and expenses	40,172	71,152	111,324	2,739,002
Landfill	-	682,194	682,194	-
Depreciation	687,150	316,188	1,003,338	-
Miscellaneous	93,637	99,266	192,903	-
Total Operating Expenses	<u>2,239,696</u>	<u>3,068,500</u>	<u>5,308,196</u>	<u>2,739,002</u>
<b>OPERATING INCOME</b>	<u>583,227</u>	<u>191,628</u>	<u>774,855</u>	<u>81,231</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	30,448	30,448	-
Investment income	166,415	432	166,847	2,715
Gain on sale of capital assets	194	67,022	67,216	-
Interest and fiscal charges	(374,646)	-	(374,646)	-
Total Nonoperating Revenues (Expenses)	<u>(208,037)</u>	<u>97,902</u>	<u>(110,135)</u>	<u>2,715</u>
<b>INCOME BEFORE CAPITAL CON- TRIBUTIONS AND TRANSFERS</b>	375,190	289,530	664,720	83,946
CAPITAL CONTRIBUTIONS	30,210	-	30,210	-
TRANSFERS IN (OUT)	<u>504,300</u>	<u>(156,700)</u>	<u>347,600</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	909,700	132,830	1,042,530	83,946
NET POSITION, OCTOBER 1	<u>17,817,251</u>	<u>5,203,574</u>	<u>23,020,825</u>	<u>420,975</u>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 18,726,951</u>	<u>5,336,404</u>	<u>24,063,355</u>	<u>504,921</u>

See notes to financial statements

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Environmental Services</u>	<u>Total</u>	
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 2,827,195	3,333,842	6,161,037	2,826,568
Cash paid to suppliers	(728,468)	(1,504,920)	(2,233,388)	(2,614,920)
Cash paid to employees	(711,989)	(1,363,909)	(2,075,898)	-
Net Cash Provided By Operating Activities	<u>1,386,738</u>	<u>465,013</u>	<u>1,851,751</u>	<u>211,648</u>
<b>Cash flows from noncapital financing activities:</b>				
Operating grants	-	30,448	30,448	-
Payments to other governments	(248,298)	-	(248,298)	-
Operating transfer in (out)	504,300	(156,700)	347,600	-
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>256,002</u>	<u>(126,252)</u>	<u>129,750</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(291,024)	(419,303)	(710,327)	-
Proceeds from sale of capital assets	194	68,315	68,509	-
Payment of bond principal	(480,000)	-	(480,000)	-
Payment of interest expense	(386,858)	-	(386,858)	-
Payment of principal on COPs	(238,582)	-	(238,582)	-
Net Cash Used In Capital And Related Financing Activities	<u>(1,396,270)</u>	<u>(350,988)</u>	<u>(1,747,258)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Maturity of investments	265,860	-	265,860	-
Investment income	169,340	432	169,772	2,715
Net Cash Provided By Investing Activities	<u>435,200</u>	<u>432</u>	<u>435,632</u>	<u>2,715</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>681,670</b>	<b>(11,795)</b>	<b>669,875</b>	<b>214,363</b>
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1</b>	<b><u>1,874,359</u></b>	<b><u>563,484</u></b>	<b><u>2,437,843</u></b>	<b><u>541,703</u></b>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	<b><u>\$ 2,556,029</u></b>	<b><u>551,689</u></b>	<b><u>3,107,718</u></b>	<b><u>756,066</u></b>

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Environmental Services</u>	<u>Total</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 583,227	191,628	774,855	81,231
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	687,150	316,188	1,003,338	-
(Increase) decrease in:				
Utilities receivable	4,272	73,714	77,986	-
Other accounts receivable	-	-	-	6,335
Prepaid items	756	1,468	2,224	-
Net pension asset	30,356	50,603	80,959	-
Deferred outflows - pension related	(109,467)	(182,480)	(291,947)	-
Increase (decrease) in:				
Accounts payable	148,368	(54,133)	94,235	98,761
Accrued expenses	4,199	5,971	10,170	25,321
Compensated absences	6,146	8,355	14,501	-
Arbitrage payable	(482)	-	(482)	-
Deferred inflows - pension related	32,213	53,699	85,912	-
Total Adjustments	<u>803,511</u>	<u>273,385</u>	<u>1,076,896</u>	<u>130,417</u>
Net Cash Provided By Operating Activities	<u>\$ 1,386,738</u>	<u>465,013</u>	<u>1,851,751</u>	<u>211,648</u>

Noncash investing, capital, and financing activities:

Sewer Fund received \$30,210, in contributed sewer lines from developers.



**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, 2015, 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.

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

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

**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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues 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:

<b>Assets</b>	<b>Years</b>
<b>Primary Government</b>	
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)**

<b>Assets</b>	<b>Years</b>
<b>RMU</b>	
Electric plant:	
General electric plant	20
Transportation equipment	6 <sup>2</sup> / <sub>3</sub>
Power operated equipment	6 <sup>2</sup> / <sub>3</sub>
Stores, laboratory tools, communication and miscellaneous equipment	10
Water plant:	
General water plant	33 <sup>1</sup> / <sub>3</sub>
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 of 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*.

**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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Fund Balance Policies (Continued)**

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

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. Pensions**

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

**14. 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.

**15. 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 City only has two items that qualifies for reporting in this category in the government-wide statement of net position. The first item is the 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. The second item is deferred outflows relate to the pension.

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



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. Deferred Outflows/Inflows of Resources (Continued)**

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 City has two type items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting noted as unavailable revenues which, 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. The second item is deferred inflows related to the pension on the government-wide financial statements.

**16. 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.

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, 2015, 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, 2015, 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, 2015, the City had the following investments:

**NOTE B - CASH AND INVESTMENTS (Continued)**

**2. Investments (Continued)**

	<b>Fair Value</b>	<b>Maturities</b>			<b>Credit Risk</b>
		<b>No Maturity</b>	<b>1 - 5 Years</b>	<b>6 - 10 Years</b>	
<b>Business-type Activities</b>					
Guaranteed investment contracts	\$ 1,484,344	-	100,250	1,384,094	Not rated
State and local government series	185	-	-	185	AAA
Money market fund	124,742	124,742	-	-	Not rated
Total Investments	<u>\$ 1,609,271</u>	<u>124,742</u>	<u>100,250</u>	<u>1,384,279</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 interest 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:

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - ACCOUNTS RECEIVABLE (Continued)**

	<b>For The Year Ended September 30, 2015</b>		
	<b>Accounts Receivable</b>	<b>Allowance</b>	<b>Net Accounts Receivable</b>
<b>Primary Government</b>			
Taxes receivables:			
General Fund	\$ 1,125,408	(5,050)	1,120,358
Street Fund	776,877	-	776,877
Recreation Center Fund	364	-	364
Parks and Recreation Fund	10,752	-	10,752
Total Taxes Receivables	\$ 1,913,401	(5,050)	1,908,351
Utilities receivables:			
Sewer Fund	\$ 545,067	(6,200)	538,867
Environmental Services Fund	340,770	-	340,770
Total Utilities Receivables	\$ 885,837	(6,200)	879,637
Court fines receivable:			
General Fund	\$ 140,394	81,702	58,692
<b>RMU</b>			
Accounts receivables:			
Utilities receivable	\$ 860,009	(60,000)	800,009
Unbilled utilities receivable	1,685,979	-	1,685,979
Refundable deposits	33,240	-	33,240
Total Accounts Receivables	\$ 2,579,228	(60,000)	2,519,228

**NOTE D - RESTRICTED ASSETS**

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

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - RESTRICTED ASSETS (Continued)**

	<b>September 30, 2015</b>	
	<b>Restricted Cash And Investments</b>	<b>Restricted Net Position</b>
<b>General Fund</b>		
Court bonds	\$ 6,051	-
TIF deposits	33,728	29,682
Police evidence	25,247	-
Seizures and forfeitures	76,541	76,541
Animal control shelter	442,291	442,291
Property fire	109	-
	<u>\$ 583,967</u>	<u>548,514</u>
<b>Total General Fund</b>	<u>\$ 583,967</u>	<u>548,514</u>
 <b>Sewer Fund</b>		
1996E Revenue Bonds:		
Reserve account	\$ 66,500	-
Rebate account	3,415	-
Debt service	1,473	1,473
Principal and interest	39,616	39,616
2000A Revenue Bonds:		
Reserve account	1,253,000	-
Rebate account	60,671	-
Debt service	1,715	1,715
Principal and interest	122,040	122,040
2006B Revenue Bonds:		
Rebate account	18,221	-
Principal and interest	42,435	42,435
Depreciation and replacement	500,206	500,206
2012B Certificates of Participation proceeds	557,762	-
	<u>\$2,667,054</u>	<u>707,485</u>
<b>Total Sewer Fund</b>	<u>\$2,667,054</u>	<u>707,485</u>

**NOTE E - LONG-TERM LIABILITIES**

**Governmental Activities**

Long-term debt of the City consists of eight capital lease purchase agreements, Series 2012 and Series 2015 certificates of participation, one general obligation bond issue payable, and compensated absences payable.

**NOTE E - LONG-TERM LIABILITIES (Continued)**

**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% and are due on January 1, 2027.

**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 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%.

On March 13, 2015, the City entered into a 5-year lease purchase agreement to finance the purchase of public works equipment. The agreement requires annual lease payments of \$40,851, which includes interest at 1.74%.

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.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

The assets acquired through the capital leases are as follows:

	<b>September 30 2015</b>
Land	\$ 356,512
Building	1,763,319
Machinery and equipment	2,413,129
Total Cost	4,532,960
Less - Accumulated depreciation	1,930,497
Net Book Value	\$ 2,602,463

The total annual minimum lease payments required at September 30, 2015, are as follows:

For The Years Ending September 30	City Hall Improve- ments	2007 Fire Truck	Forest Land	2011 Fire Truck	2013 Fire Truck	Public Works Equip- ment	Public Works Equip- ment	Public Works Equip- ment	Total
2016	\$ 187,621	65,120	25,550	76,794	50,432	70,079	52,701	40,851	569,148
2017	187,621	65,120	25,550	76,794	50,432	70,079	52,701	40,851	569,148
2018	187,621	65,120	25,550	76,794	50,432	-	52,701	40,851	499,069
2019	187,621	-	25,550	76,794	50,432	-	52,701	40,851	433,949
2020	187,621	-	25,550	76,794	50,432	-	-	40,851	381,248
2021 - 2025	844,840	-	127,750	-	100,865	-	-	-	1,073,455
2026 - 2027	-	-	51,100	-	-	-	-	-	51,100
Total Minimum Lease Payments	1,782,945	195,360	306,600	383,970	353,025	140,158	210,804	204,255	3,577,117
Less - Interest	(331,741)	(13,923)	(66,812)	(32,175)	(30,979)	(2,991)	(9,055)	(10,255)	(497,931)
Principal Bal- ance, Septem- ber 30, 2015	\$ 1,451,204	181,437	239,788	351,795	322,046	137,167	201,749	194,000	3,079,186

**Series 2012 General Obligation Refunding Bonds**

On September 5, 2012, the City issued \$3,445,000 in general obligation refunding bonds due on March 1, 2019, with interest at 2%.	<b>September 30 2015</b>
	\$2,360,000

**Series 2015 Certificates of Participation**

On, July 1, 2015, the City issued \$3,445,000 of Series 2015 certificates of participation for streets, parking lots and to fund local parks. The certificates of participation bear interest from 1.5% to 3.0% and are due on February 1, 2025.	<b>September 30 2015</b>
	\$3,445,000

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

Principal and interest payments are due as follows:

For The Years Ending September 30	General Obligation bonds			Series 2015 Certificates Of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 560,000	41,600	601,600	350,000	87,314	437,314
2017	580,000	30,200	610,200	-	75,348	75,348
2018	600,000	18,400	618,400	-	75,348	75,348
2019	620,000	6,200	626,200	-	75,348	75,348
2020	-	-	-	485,000	70,983	555,983
2021 - 2025	-	-	-	2,610,000	182,499	2,792,499
Total	<u>\$ 2,360,000</u>	<u>96,400</u>	<u>2,456,400</u>	<u>3,445,000</u>	<u>566,840</u>	<u>4,011,840</u>

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

**Governmental Activities**

	For The Year Ended September 30, 2015			Balance September 30 2015	Amounts Due Within One Year
	Balance September 30 2014	Additions	Deletions		
	Capital leases payable	\$ 3,371,632	194,000		
General obligation bonds	2,900,000	-	540,000	2,360,000	560,000
Plus - Premium on bonds	110,240	-	22,048	88,192	-
Certificates of participation	1,281,804	3,445,000	81,418	4,645,386	434,048
Less - Discount on bonds	-	(2,131)	-	(2,131)	-
Compensated absences payable	983,327	438,401	491,664	930,064	465,032
Total Governmental Activities Long- term Liabilities	<u>\$ 8,647,003</u>	<u>4,075,270</u>	<u>1,621,576</u>	<u>11,100,697</u>	<u>1,923,682</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% and on due on January 1, 2027.

**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, 2015, are as follows:

<b>For The Years Ending September 30</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	91,927	23,488	83,073	21,225	175,000	44,713
2021 - 2025	501,661	77,336	453,339	69,887	955,000	147,223
2026 - 2027	260,099	7,608	164,901	6,875	425,000	14,483
Total	<u>\$ 1,200,386</u>	<u>221,600</u>	<u>1,014,614</u>	<u>200,256</u>	<u>2,215,000</u>	<u>421,856</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% and are due on July 1, 2032.

The annual debt service requirements on the Series 2012B certificates of participation at September 30, 2015, are as follows:

<b>For The Years Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	185,000	89,562	274,562
2021 - 2025	1,000,000	371,345	1,371,345
2026 - 2030	1,170,000	209,501	1,379,501
2031 - 2032	520,000	27,083	547,083
Total	<u>\$ 3,570,000</u>	<u>1,103,289</u>	<u>4,673,289</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, 2015, are as follows:

<b>For The Years Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Administrative Fee</b>	<b>Total</b>
2016	\$ 45,000	3,806	678	49,484
2017	50,000	1,313	357	51,670
Total	\$ 95,000	5,119	1,035	101,154

**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, 2015, are as follows:

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

<b>For The Years Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Administrative Fee</b>	<b>Total</b>
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	400,000	22,800	2,856	425,656
Total	<u>\$ 1,790,000</u>	<u>313,730</u>	<u>39,733</u>	<u>2,143,463</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 0.714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 2006B revenue bonds outstanding at September 30, 2015, are as follows:

<b>For The Years Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Administrative Fee</b>	<b>Total</b>
2016	\$ 135,000	95,488	14,958	245,446
2017	140,000	90,088	13,994	244,082
2018	150,000	83,087	12,995	246,082
2019	155,000	77,087	11,923	244,010
2020	160,000	70,888	10,817	241,705
2021 - 2025	920,000	234,938	35,879	1,190,817
2026 - 2027	435,000	27,838	4,677	467,515
Total	<u>\$ 2,095,000</u>	<u>679,414</u>	<u>105,243</u>	<u>2,879,657</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, 2015</u>			<u>Balance September 30 2015</u>	<u>Amounts Due Within One Year</u>
	<u>Balance September 30 2014</u>	<u>Additions</u>	<u>Deletions</u>		
Revenue bonds	\$ 4,460,000	-	480,000	3,980,000	500,000
Plus - Premium on bonds	56,850	-	4,738	52,112	-
Certificates of participation	4,823,196	-	238,582	4,584,614	245,952
Compensated absences	157,381	93,191	78,690	171,882	85,940
Total Business-type Activities Long- term Liabilities	<u>\$ 9,497,427</u>	<u>93,191</u>	<u>802,010</u>	<u>8,788,608</u>	<u>831,892</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, 2015</u>			<u>Balance September 30 2015</u>	<u>Amounts Due Within One Year</u>
	<u>Balance September 30 2014</u>	<u>Additions</u>	<u>Deletions</u>		
Leases payable	\$ 13,584,000	-	788,000	12,796,000	818,000
Compensated absences	127,185	112,031	109,304	129,912	129,912
Total	<u>\$ 13,711,185</u>	<u>112,031</u>	<u>897,304</u>	<u>12,925,912</u>	<u>947,912</u>

**Leases Payable**

RMU entered into a lease purchase agreement during the year ended September 30, 2003, 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 \$135,000.

**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 \$683,000.

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 Ending September 30</u>	<u>Water Towers</u>	<u>Electric Substation</u>	<u>Total</u>
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	186,526	1,106,665	1,293,191
2021 - 2025	564,645	5,562,658	6,127,303
2026 - 2029	-	3,651,238	3,651,238
Total Minimum Lease Payments	1,493,469	14,727,300	16,220,769
Less - Imputed interest	233,469	3,191,300	3,424,769
Present Value Of Minimum Lease Payments	\$ 1,260,000	11,536,000	12,796,000

The assets acquired through the capital leases are as follows:

	<u>September 30 2015</u>
Cost	\$ 17,033,496
Less - Accumulated depreciation	4,461,642
Net Book Value	\$ 12,571,854

**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, 2015**

	<b>Balance September 30 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30 2015</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 12,677,465	16,000	-	12,693,465
Construction in progress	1,881,737	525,622	2,407,359	-
Total Capital Assets Not Being Depreciated	<u>14,559,202</u>	<u>541,622</u>	<u>2,407,359</u>	<u>12,693,465</u>
Capital assets being depreciated:				
Building and improvements	24,942,304	14,000	-	24,956,304
Machinery and equipment	11,052,546	357,877	31,285	11,379,138
Infrastructure	77,576,527	3,939,290	-	81,515,817
Total Capital Assets Being Depreciated	<u>113,571,377</u>	<u>4,311,167</u>	<u>31,285</u>	<u>117,851,259</u>
Less - Accumulated depreciation for:				
Building and improvements	12,264,067	764,876	-	13,028,943
Machinery and equipment	7,504,746	705,671	31,285	8,179,132
Infrastructure	31,168,279	1,654,377	-	32,822,656
Total Accumulated Depre- ciation	<u>50,937,092</u>	<u>3,124,924</u>	<u>31,285</u>	<u>54,030,731</u>
Total Capital Assets Being Depreciated, Net	<u>62,634,285</u>	<u>1,186,243</u>	<u>-</u>	<u>63,820,528</u>
 Total Capital Assets - Gov- ernmental Activities, Net	 <u>\$ 77,193,487</u>	 <u>1,727,865</u>	 <u>2,407,359</u>	 <u>76,513,993</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)**

	<u>For The Year Ended September 30 2015</u>
<b>Governmental Activities</b>	
Administrative	\$ 151,972
Administrator	1,567
Finance	3,582
Animal shelter	5,767
Police	144,849
Fire	309,663
Building maintenance	8,685
Engineering	2,835
Community development	1,962
Public works	1,860,962
Parks and recreation	504,213
Airport	128,237
Cemetery	630
	<u>630</u>
Total	<u>\$ 3,124,924</u>

Capital asset activity was as follows:

	<u>For The Year Ended September 30, 2015</u>			
	<u>Balance September 30 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30 2015</u>
<b>Business-type Activities - Sewer</b>				
Capital assets not being depreciated:				
Land	\$ 591,438	210	-	591,648
Construction in progress	3,080,169	1,566	-	3,081,735
Total Capital Assets Not Being Depreciated	<u>3,671,607</u>	<u>1,776</u>	<u>-</u>	<u>3,673,383</u>
Capital assets being depreciated:				
Buildings	1,863,017	-	-	1,863,017
Equipment	1,652,012	279,350	-	1,931,362
Sewer collection system	29,528,632	40,108	-	29,568,740
Total Capital Assets Being Depreciated	<u>33,043,661</u>	<u>319,458</u>	<u>-</u>	<u>33,363,119</u>
Less - Accumulated depreciation for:				
Buildings	861,990	128,816	-	990,806
Equipment	1,364,592	76,462	-	1,441,054
Sewer collection system	10,001,655	481,872	-	10,483,527
Total Accumulated Depreciation	<u>12,228,237</u>	<u>687,150</u>	<u>-</u>	<u>12,915,387</u>
Total Capital Assets, Business-type Activities - Sewer, Being Depreciated, Net	<u>20,815,424</u>	<u>(367,692)</u>	<u>-</u>	<u>20,447,732</u>
Total Capital Assets - Business-type Activities - Sewer, Net	<u>\$ 24,487,031</u>	<u>(365,916)</u>	<u>-</u>	<u>24,121,115</u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - CAPITAL ASSETS (Continued)**

	<b>For The Year Ended September 30, 2015</b>			
	<b>Balance September 30 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30 2015</b>
<b>Business-type Activities - Environmental Services</b>				
Capital assets not being depreciated:				
Land	\$ 670,663	-	-	670,663
Capital assets being depreciated:				
Buildings	2,897,731	8,259	-	2,905,990
Equipment	3,345,391	411,044	204,621	3,551,814
Total Capital Assets Being Depreciated	<u>6,243,122</u>	<u>419,303</u>	<u>204,621</u>	<u>6,457,804</u>
Less - Accumulated depreciation for:				
Buildings	755,442	103,564	-	859,006
Equipment	2,261,843	212,624	203,328	2,271,139
Total Accumulated Depreciation	<u>3,017,285</u>	<u>316,188</u>	<u>203,328</u>	<u>3,130,145</u>
Total Capital Assets, Business-type Activities Environmental Services, Being Depreciated, Net	<u>3,225,837</u>	<u>103,115</u>	<u>1,293</u>	<u>3,327,659</u>
Total Capital Assets - Business-type Activities - Environmental Services, Net	<u>\$ 3,896,500</u>	<u>103,115</u>	<u>1,293</u>	<u>3,998,322</u>
Grand Total Capital Assets - Business- type Activities, Net	<u>\$ 28,383,531</u>	<u>(262,801)</u>	<u>1,293</u>	<u>28,119,437</u>

**RMU**

	<b>For The Year Ended September 30, 2015</b>			
	<b>Balance September 30 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30 2015</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land and easements	\$ 2,740,596	3,255	-	2,743,851
Capital assets being depreciated:				
Buildings and improvements	4,874,559	96,655	-	4,971,214
Office furniture, fixtures, and equipment	1,047,192	9,073	280,771	775,494
Transportation equipment	1,482,052	332,125	213,753	1,600,424
Distribution system	58,394,701	1,379,053	150,615	59,623,139
Production system	8,466,747	-	-	8,466,747
Total Capital Assets Being Depreciated	<u>74,265,251</u>	<u>1,816,906</u>	<u>645,139</u>	<u>75,437,018</u>
Less - Accumulated depreciation for:				
Buildings and improvements	3,314,256	141,701	-	3,455,957
Office furniture, fixtures, and equipment	961,227	31,957	280,771	712,413
Transportation equipment	1,019,987	118,322	213,753	924,556
Distribution system	27,235,157	2,146,145	150,615	29,230,687
Production system	5,449,521	412,770	-	5,862,291
Total Accumulated Depreciation	<u>37,980,148</u>	<u>2,850,895</u>	<u>645,139</u>	<u>40,185,904</u>
Total Capital Assets Being Depreciated, Net	<u>36,285,103</u>	<u>(1,033,989)</u>	<u>-</u>	<u>35,251,114</u>
Total Capital Assets - Business- type Activities, Net	<u>\$ 39,025,699</u>	<u>(1,030,734)</u>	<u>-</u>	<u>37,994,965</u>

**NOTE G - PENSION PLAN**

**Primary Government**

*Plan Description*

The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://www.molagers.org).

*Benefits Provided*

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

**2015 Valuation**

Benefit multiplier	1.75% for life, plus 0.25% to age 65
Final average salary	3 years
Member contributions	- %

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees Covered by Benefit Terms*

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	56
Active employees	<u>182</u>
Total	<u>335</u>



**NOTE G - PENSION PLAN (Continued)**

*Contributions*

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 13.2% (General), 11.6% (Police), and 16.4% (Fire) of annual covered payroll.

*Net Pension Liability*

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

*Actuarial Assumptions*

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3% price inflation
Salary increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on the 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	48.50%	5.50%
Fixed income	25.00	2.25
Real assets	20.00	4.50
Strategic assets	6.50	7.50

**NOTE G - PENSION PLAN (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balances at June 30, 2014</b>	\$ 31,459,696	36,648,647	(5,188,951)
<b>Changes for the year</b>			
Service cost	846,914	-	846,914
Interest	2,269,899	-	2,269,899
Difference between expected and actual experience	(460,292)	-	(460,292)
Contributions - employer	-	964,218	(964,218)
Net investment income	-	731,693	(731,693)
Benefit payments, including refunds	(1,153,761)	(1,153,761)	-
Administrative expense	-	(28,893)	28,893
Other changes	-	380,572	(380,572)
Net Changes	1,502,760	893,829	608,931
<b>Balances at June 30, 2015</b>	\$ 32,962,456	37,542,476	(4,580,020)

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ 113,601	(4,580,020)	(8,476,021)

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

For the year ended September 30, 2015, the City recognized pension expense of \$408,482. The City reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ -	(380,220)	(380,220)
Excess (deficit) investment returns	1,544,887	-	1,544,887
Contributions subsequent to the measurement date*	209,710	-	209,710
Total	\$ 1,754,597	(380,220)	1,374,377

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2016.

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

**For The  
Years Ending  
September 30**

2016	\$ 515,859
2017	306,149
2018	306,149
2019	306,152
2020	(44,721)
Thereafter	(15,211)
Total	\$ 1,374,377

**NOTE G - PENSION PLAN (Continued)**

**Payable to the Pension Plan**

At September 30, 2015, the City reported a payable of \$69,922 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2015.

**RMU**

*Plan Description*

RMU's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. RMU participates in the LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://www.molagers.org).

*Benefits Provided*

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<b><u>2015</u></b> <b><u>Valuation</u></b>
Benefit multiplier	2%
Final average salary	3 years
Member contributions	- %

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

**NOTE G - PENSION PLAN (Continued)**

***Employees Covered by Benefit Terms***

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>51</u>
Total	<u>93</u>

***Contributions***

RMU is required to contribute amounts at least equal to the actuarially determined rate, as established by LA-GERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. RMU contribution rates are 15.6% (General) of annual covered payroll.

***Net Pension Liability***

RMU's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

***Actuarial Assumptions***

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3% price inflation
Salary increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on the 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	48.50%	5.50%
Fixed income	25.00	2.25
Real assets	20.00	4.50
Strategic assets	6.50	7.50

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<b>Balances at June 30, 2014</b>	<u>\$ 16,098,473</u>	<u>18,348,794</u>	<u>(2,250,321)</u>
<b>Changes for the year</b>			
Service cost	277,593	-	277,593
Interest	1,147,696	-	1,147,696
Difference between expected and actual experience	(118,542)	-	(118,542)
Contributions - employer	-	775,627	(775,627)
Net investment income	-	361,988	(361,988)
Benefit payments, including refunds	(823,502)	(823,502)	-
Administrative expense	-	(8,575)	8,575
Other changes	-	(362,570)	362,570
Net Changes	<u>483,245</u>	<u>(57,032)</u>	<u>540,277</u>
<b>Balances at June 30, 2015</b>	<u>\$ 16,581,718</u>	<u>18,291,762</u>	<u>(1,710,044)</u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	<b>1% Decrease</b>	<b>Discount Rate Assumption</b>	<b>1% Increase</b>
Net Pension Liability (Asset)	\$ 560,292	(1,710,044)	(3,594,043)

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

For the year ended September 30, 2015, RMU recognized pension expense of \$649,660. RMU reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences in experience	\$ -	(96,457)	(96,457)
Excess (deficit) investment returns	762,701	-	762,701
Contributions subsequent to the measurement date*	95,478	-	95,478
Total	\$ 858,179	(96,457)	761,722

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2016.

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

**For The  
Years Ending  
September 30**

2016	\$ 264,068
2017	168,590
2018	168,590
2019	168,591
2020	(8,117)
Total	\$ 761,722

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

**Payable to the Pension Plan**

At September 30, 2015, RMU reported a payable of \$33,427 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2015.

**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:

	<b>September 30 2014</b>
Assessed valuation:	
Real estate	\$ 205,488,079
Personal property	39,018,183
Total Assessed Valuation	\$ 244,506,262
	<b>September 30 2014</b>
Tax rate per \$100 assessed valuation:	
General levy	\$ 0.4539
Library levy	0.1894
Park levy	0.1118
Total Tax Rate Per \$100 Assessed Valuations	\$ 0.7551

The legal debt margin at September 30, 2015, was computed as follows:

	<b>General Obligation Bonds</b>		
	<b>Ordinary(1)</b>	<b>Additional (2)</b>	<b>Total</b>
Constitutional debt limit	\$ 24,595,492	24,595,492	49,190,984
General obligation bonds payable	(2,360,000)	-	(2,360,000)
Legal Debt Margin	\$ 22,235,492	24,595,492	46,830,984



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

- (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, 2016.

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 \$669,476 for MIRMA's fiscal year ended June 30, 2016. 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, 2015, 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 addi-

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE J - SELF-INSURANCE (Continued)**

tional amount for incurred but not reported claims based on prior experience was \$238,070. Changes in estimated benefit obligation during the past two years are as follows:

Estimated benefit obligation, October 1, 2013	\$ 174,760
Claims incurred	2,234,620
Claims paid	(2,270,071)
Estimated benefit obligation, October 1, 2014	139,309
Claims incurred	2,382,418
Claims paid	(2,283,657)
Estimated Benefit Obligation, September 30, 2015	\$ 238,070

**NOTE K - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The individual interfund balances are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>September 30 2015</b>
General Fund	Airport Fund	\$ 550,746

The outstanding balances between funds result mainly from the time lag between dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending September 30, 2016.

Individual interfund transfers are as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>September 30 2015</b>
General Fund	Sewer Fund	\$ 270,700
General Fund	Environmental Services Fund	156,700
General Fund	Street Fund	429,000
General Fund	Recreation Fund	61,800
Airport Fund	General Fund	243,000
Sewer Fund	Airport Fund	675,000
Sewer Fund	Street Fund	100,000
Parks Fund	General Fund	250,000
Parks Fund	Cemetery Fund	1,527
Total		\$ 2,187,727

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

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 \$1,255,999 of restricted net position, of which \$548,514 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.

**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:

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

**3. Annual OPEB Cost and Net OPEB Obligation (Continued)**

	<b>For The Year Ended September 30 2015</b>
ARC	\$ 405,800
Interest on net OPEB obligation	31,900
Adjustment to ARC	(31,500)
Annual OPEB Cost (Expense)	<b>\$ 406,200</b>

The change in net OPEB obligation was as follows:

	<b>Balance September 30</b>		
<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Net OPEB Obligation</b>
2015	\$ 406,200	\$ 196,300	\$ 1,061,520
2014	379,400	150,600	851,620
2013	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, 2015.

<b>September 30</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>UAAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL As A Percentage Of Covered Payroll ((b-a)/c)</b>
2015	\$ -	\$ 4,048,800	\$ 4,048,800	- %	\$ 8,500,000	47.63 %
2013	-	3,696,200	3,696,200	-	7,100,000	52.06

**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 2015 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 2015, with annual rate reduc-

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

**5. Actuarial Methods and Assumptions (Continued)**

tions 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 \$172,577 in fiscal year 2015 for billing services and \$728,237 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 payable 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 \$4,978,263. Principal and interest paid for the current year and total customer net revenues were \$704,742 and \$1,267,183, 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.

**NOTE Q - TAX INCREMENT FINANCING DISTRICTS (Continued)**

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, 2015, the balances in the TIF-EATS and TIF-PILOTS accounts are \$33,714 and \$14, respectively.

**NOTE R - COMMITMENTS**

**Primary Government**

At September 30, 2015, 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 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 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

**NOTE R - COMMITMENTS (Continued)**

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, 2015 was \$20,808,052.

**NOTE S - DEFICIT FUND BALANCE**

The Airport Fund has a deficit fund balance at September 30, 2015 of (\$26,287). This deficit will be financed through future revenues of the fund.

**NOTE T - SUBSEQUENT EVENT**

On March 8, 2016, the City entered into a lease purchase agreement for \$460,000.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE U - RESTATEMENT OF NET POSITION**

The previously stated net position has been adjusted as follows:

	<u>Sewer Fund</u>	<u>Environmental Services Fund</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Net position, September 30, 2014, as previously reported	\$17,453,095	4,596,529	22,049,624	76,231,714
Restatement for:				
GASB 68 implementation	<u>364,156</u>	<u>607,045</u>	<u>971,201</u>	<u>4,727,971</u>
Net Position, September 30, 2014, As Restated	<u><u>\$17,817,251</u></u>	<u><u>5,203,574</u></u>	<u><u>23,020,825</u></u>	<u><u>80,959,685</u></u>



**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, 2015**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Taxes:			
Property	\$ 973,100	952,680	(20,420)
Sales	3,860,000	4,098,715	238,715
Franchise	695,000	831,681	136,681
Motor vehicle	148,000	159,927	11,927
PILOT	1,568,600	1,538,107	(30,493)
Lodging	310,000	332,543	22,543
Cigarette	100,000	109,019	9,019
Total Taxes	7,654,700	8,022,672	367,972
Licenses and permits:			
Occupational licenses	48,000	44,510	(3,490)
Building permits	85,000	104,466	19,466
Other	39,000	42,508	3,508
Total Licenses And Permits	172,000	191,484	19,484
Intergovernmental:			
Landfill	5,000	6,753	1,753
RREC	129,000	98,089	(30,911)
PCEsb	2,090,000	1,052,614	(1,037,386)
Library	221,000	157,075	(63,925)
Grants	75,000	41,080	(33,920)
Other	248,000	278,527	30,527
Total Intergovernmental	2,768,000	1,634,138	(1,133,862)
Charges for services	53,500	53,598	98
Fine and forfeitures:			
City court fines	175,000	222,561	47,561
Police training fees	5,300	(11,388)	(16,688)
Total Fines And Forfeitures	180,300	211,173	30,873
Investment income	12,700	12,801	101
Miscellaneous:			
Lease and rent income	7,100	7,780	680
Animal shelter	17,000	15,672	(1,328)
Other	18,000	21,241	3,241
Total Miscellaneous	42,100	44,693	2,593
Total Revenues	10,883,300	10,170,559	(712,741)

**(Continued)**

**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, 2015 (Continued)**

	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>EXPENDITURES</b>			
Administrative	608,496	616,556	8,060
Administrator	312,185	324,748	12,563
Finance	523,715	540,734	17,019
Legal services	64,825	60,091	(4,734)
City court	82,790	82,450	(340)
911 telecommunications	2,082,343	1,057,080	(1,025,263)
Animal shelter	132,925	132,769	(156)
Police	3,270,135	3,209,074	(61,061)
Fire	2,551,870	2,613,235	61,365
Building maintenance	97,590	90,253	(7,337)
Engineering	667,598	690,818	23,220
Community development	394,230	379,033	(15,197)
Library	213,960	199,911	(14,049)
Economic development	232,425	242,608	10,183
Total Expenditures	11,235,087	10,239,360	(995,727)
<b>REVENUES UNDER EXPENDITURES</b>	(351,787)	(68,801)	282,986
<b>OTHER FINANCING SOURCES (USES)</b>			
Certificates of participation issued	-	10,000	10,000
Transfers in	918,200	918,200	-
Transfers out	(493,000)	(493,000)	-
Total Other Financing Sources (Uses)	425,200	435,200	10,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 73,413</b>	<b>366,399</b>	<b>292,986</b>
<b>FUND BALANCE, OCTOBER 1</b>		<b>2,600,321</b>	
<b>FUND BALANCE, SEPTEMBER 30</b>		<b>\$ 2,966,720</b>	

**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, 2015**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Taxes	\$ 4,440,000	4,705,219	265,219
Intergovernmental	787,015	114,800	(672,215)
Charges for services	110,000	91,214	(18,786)
Investment income	425	6,854	6,429
Miscellaneous	1,200	5,481	4,281
Total Revenues	5,338,640	4,923,568	(415,072)
<b>EXPENDITURES</b>			
Street	6,646,097	4,881,659	(1,764,438)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,307,457)</b>	<b>41,909</b>	<b>1,349,366</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Certificates of participation issued	3,160,000	3,100,000	(60,000)
Discount on certificates of participation issued	-	(2,131)	(2,131)
Capital lease	-	194,000	194,000
Sale of capital assets	20,000	19,947	(53)
Transfers out	(529,000)	(529,000)	-
Total Other Financing Sources (Uses)	2,651,000	2,782,816	131,816
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,343,543</b>	<b>2,824,725</b>	<b>1,481,182</b>
<b>FUND BALANCE, OCTOBER 1</b>		<b>799,192</b>	
<b>FUND BALANCE, SEPTEMBER 30</b>		<b>\$ 3,623,917</b>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - RECREATION CENTER FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Taxes	\$ -	3,910	3,906	(4)
Charges for services	1,093,900	1,133,300	1,084,328	(48,972)
Investment income	22,800	22,800	20,868	(1,932)
Miscellaneous	19,500	22,500	17,935	(4,565)
Total Revenues	1,136,200	1,182,510	1,127,037	(55,473)
<b>EXPENDITURES</b>				
Guest services	213,700	217,700	212,461	(5,239)
Recreation	139,100	168,850	167,354	(1,496)
Aquatic	199,638	212,038	219,123	7,085
Fitness	133,400	144,800	131,163	(13,637)
Administration	423,975	459,775	445,962	(13,813)
Maintenance	265,400	272,400	265,567	(6,833)
Total Expenditures	1,375,213	1,475,563	1,441,630	(33,933)
<b>REVENUES UNDER EXPENDITURES</b>	(239,013)	(293,053)	(314,593)	(21,540)
<b>OTHER FINANCING USES</b>				
Transfers out	(61,800)	(61,800)	(61,800)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (300,813)</b>	<b>(354,853)</b>	<b>(376,393)</b>	<b>(21,540)</b>
FUND BALANCE, OCTOBER 1			3,635,002	
<b>FUND BALANCE, SEPTEMBER 30</b>			<b>\$ 3,258,609</b>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PARKS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Taxes	\$ 242,500	246,700	238,514	(8,186)
Charges for services	202,700	224,250	205,505	(18,745)
Investment income	-	-	264	264
Miscellaneous	25,500	25,500	4,294	(21,206)
Total Revenues	<u>470,700</u>	<u>496,450</u>	<u>448,577</u>	<u>(47,873)</u>
<b>EXPENDITURES</b>				
Administration	93,900	133,050	123,266	(9,784)
Maintenance	67,000	82,825	73,359	(9,466)
Parks department	267,100	545,900	510,287	(35,613)
Splash Zone	105,615	138,515	139,445	930
Outdoor recreation	111,450	141,775	136,603	(5,172)
Total Expenditures	<u>645,065</u>	<u>1,042,065</u>	<u>982,960</u>	<u>(59,105)</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(174,365)</u>	<u>(545,615)</u>	<u>(534,383)</u>	<u>11,232</u>
<b>OTHER FINANCING SOURCES</b>				
Certificates of participation issued	-	335,000	335,000	-
Transfers in	251,360	251,360	251,527	167
Total Other Financing Sources	<u>251,360</u>	<u>586,360</u>	<u>586,527</u>	<u>167</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 76,995</u>	<u>40,745</u>	52,144	<u>11,399</u>
FUND BALANCE, OCTOBER 1			<u>-</u>	
<b>FUND BALANCE, SEPTEMBER 30</b>			<u>\$ 52,144</u>	

**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, 2015**

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Intergovernmental	\$ 90,200	336,787	246,587
Charges for services	312,420	263,653	(48,767)
Investment income	10	7	(3)
Miscellaneous	1,300	102	(1,198)
Total Revenues	403,930	600,549	196,619
<b>EXPENDITURES</b>			
Airport	1,298,130	857,100	(441,030)
<b>REVENUES UNDER EXPENDITURES</b>	(894,200)	(256,551)	637,649
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	343,000	243,000	(100,000)
Transfers out	-	(675,000)	675,000
Total Other Financing Sources (Uses)	343,000	(432,000)	(775,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (551,200)</b>	<b>(688,551)</b>	<b>(137,351)</b>
FUND BALANCE, OCTOBER 1		662,264	
<b>FUND BALANCE, SEPTEMBER 30</b>		<b>\$ (26,287)</b>	

**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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Charges for services	\$ 10,800	12,800	12,750	(50)
Investment income	1,360	1,360	1,527	167
Total Revenues	12,160	14,160	14,277	117
<b>EXPENDITURES</b>				
	-	-	-	-
<b>REVENUES OVER EXPENDITURES</b>				
	12,160	14,160	14,277	117
<b>OTHER FINANCING USES</b>				
Transfers out	(1,360)	(1,860)	(1,527)	(333)
<b>NET CHANGE IN FUND BALANCE</b>				
	\$ 10,800	12,300	12,750	450
FUND BALANCE, OCTOBER 1			303,070	
<b>FUND BALANCE, SEPTEMBER 30</b>			<b>\$ 315,820</b>	



**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, 2015**

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	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Investment income	\$ 70	88	18
Miscellaneous	2,000	1,275	(725)
Total Revenues	<u>2,070</u>	<u>1,363</u>	<u>(707)</u>
<b>EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,070</u>	1,363	<u>(707)</u>
FUND BALANCE, OCTOBER 1		<u>70,312</u>	
<b>FUND BALANCE, SEPTEMBER 30</b>		<u>\$ 71,675</u>	

**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, 2015**

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**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.

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**Total Pension Liability**

Service cost	\$ 846,914
Interest on the total pension liability	2,269,899
Difference between expected and actual experience	(460,292)
Benefit payments	<u>(1,153,761)</u>
Net Change In Total Pension Liability	1,502,760
Total Pension Liability Beginning	<u>31,459,696</u>
Total Pension Liability Ending (a)	<u><u>\$ 32,962,456</u></u>

**Plan Fiduciary Net Position**

Contributions - employer	\$ 964,218
Pension plan net investment income	731,693
Benefit payments	(1,153,761)
Pension plan administrative expense	(28,893)
Other	<u>380,572</u>
Net Change In Plan Fiduciary Net Pension	893,829
Plan Fiduciary Net Position Beginning	<u>36,648,647</u>
Plan Fiduciary Net Position Ending (b)	<u><u>\$ 37,542,476</u></u>

**Net Pension Liability (Asset) Ending (a-b)** \$ (4,580,020)

Plan Fiduciary Net Position as a Percentage  
of the Total Pension Liability 113.89 %

Covered Employee Payroll (for February 28/29 Valuation) \$ 7,079,117

Net Pension Liability (Asset) as a Percentage  
of Covered Employee Payroll (64.70) %

Notes:

Required supplemental information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended September 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined pension contribution	\$ 949,662	1,024,360	1,061,934	1,089,976	1,147,989	670,146	691,860	746,192	747,733	692,283
Contributions in relation to the actuarially determined contribution	<u>949,662</u>	<u>999,354</u>	<u>1,011,713</u>	<u>970,870</u>	<u>937,288</u>	<u>828,507</u>	<u>811,575</u>	<u>746,161</u>	<u>747,733</u>	<u>692,284</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>25,006</u>	<u>50,221</u>	<u>119,106</u>	<u>210,701</u>	<u>(158,361)</u>	<u>(119,715)</u>	<u>31</u>	<u>-</u>	<u>(1)</u>
Covered Employee Payroll	\$ 7,087,603	7,199,254	7,214,862	7,304,173	7,569,220	7,297,628	7,346,226	6,623,890	6,569,669	6,264,260
Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	13.40 %	13.88	14.02	13.29	12.38	11.35	11.05	11.26	11.38	11.05

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28 prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 14 to 23 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 6.8%; includes wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back zero years for men and zero years for women. Based upon experience observed during the most recent 5-year period study; it appears that the current table provides for an approximate 13% margin for future mortality improvement.

Other information:

There were no benefit changes during the year.

**CITY OF ROLLA, MISSOURI - ROLLA MUNICIPAL UTILITIES**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**Total Pension Liability**

Service cost	\$ 277,593
Interest on the total pension liability	1,147,696
Difference between expected and actual experience	(118,542)
Benefit payments	(823,502)
Net Change In Total Pension Liability	483,245
Total Pension Liability Beginning	16,098,473
Total Pension Liability Ending (a)	\$ 16,581,718

**Plan Fiduciary Net Position**

Contributions - employer	\$ 775,627
Pension plan net investment income	361,988
Benefit payments	(823,502)
Pension plan administrative expense	(8,575)
Other	(362,570)
Net Change In Plan Fiduciary Net Pension	(57,032)
Plan Fiduciary Net Position Beginning	18,348,794
Plan Fiduciary Net Position Ending (b)	\$ 18,291,762

**Net Pension Liability (Asset) Ending (a-b)**

**\$ (1,710,044)**

Plan Fiduciary Net Position as a Percentage  
of the Total Pension Liability 110.31 %

Covered Employee Payroll (for February 28/29 Valuation) \$ 2,326,138

Net Pension Liability (Asset) as a Percentage  
of Covered Employee Payroll (73.51) %

Notes:

Required supplemental information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

**CITY OF ROLLA, MISSOURI - ROLLA MUNICIPAL UTILITIES**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended September 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined pension contribution	\$ 372,878	407,774	448,912	512,861	446,909	173,171	230,215	218,730	248,038	200,318
Contributions in relation to the actuarially determined contribution	<u>372,878</u>	<u>379,490</u>	<u>354,899</u>	<u>339,500</u>	<u>303,342</u>	<u>261,921</u>	<u>278,638</u>	<u>214,312</u>	<u>233,448</u>	<u>192,759</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>28,284</u>	<u>94,013</u>	<u>173,361</u>	<u>143,567</u>	<u>(88,750)</u>	<u>(48,423)</u>	<u>4,418</u>	<u>14,590</u>	<u>7,559</u>
Covered Employee Payroll	\$ 2,390,242	2,357,078	2,350,327	2,407,799	2,315,590	2,164,643	2,131,617	2,209,396	2,084,354	1,889,791
Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	15.60 %	16.10	15.10	14.10	13.10	12.10	13.07	9.70	11.20	10.20

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28 prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 14 to 15 years
Asset valuation method	5 years smoothed market; 25% corridor
Inflation	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 8.6%; includes wage inflation component of 3.5%
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back zero years for men and zero years for women. Based upon experience observed during the most recent 5-year period study; it appears that the current table provides for an approximate 13% margin for future mortality improvement.

Other information:

There were no benefit changes during the year.